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ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unrevised)



COMPTE RENDU TEXTUEL

(non révisé)



Toronto
November 26-27, 1987

Toronto
les 26 et 27 novembre 1987

Canadian Intergovernmental Conference Secretariat • Secrétariat des conférences intergouvernementales canadiennes

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Prepared by the

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1. CONFERENCE / CONFÉRENCE

November 26, 1987 - Morning Session

Topic: (illegible)

12. 27 November 1987 - Afternoon Session

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November 28, 1987 - Afternoon Session

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13. 29 November 1987 - Morning Session

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November 29, 1987 - Morning Session

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CAUTION

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15. 1 December 1987 - Morning Session

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Conference and the Summary

Appendix B: Statements and the Status of the

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ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

VERBATIM TRANSCRIPT

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Morning Session of
November 26, 1987

COMPTE RENDU TEXTUEL

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Séance de l'avant-midi
du 26 novembre 1987

- 09:10/09h10

Rt. Hon. Brian M. Mulroney (Prime Minister of Canada), Chairman: May we begin, please? All present and accounted for pretty well.

Colleagues, cher amis, I want to welcome you to the Third First Ministers Conference on the Economy since first we met in Regina in February of '85. We've since met in Halifax in the fall of '85, Vancouver last year, and now in Toronto.

This is our first opportunity to welcome a new member of the First Ministers group and I formally welcome Frank McKenna to our ranks.

There is general acknowledgement around this table, Mr. Premier, that in the first time out you did pretty well, and I want the rest of you to know that Premier McKenna and I are both graduates of St. F.X. and under the amending formula, that gives us a majority of two. So, welcome, Mr. Premier.

I want to associate myself, Premier McKenna, with the very generous tribute you paid to your predecessor on election night when you said that New Brunswick owed him a debt of gratitude. Indeed, all Canadians recognize the role that Richard Hatfield has played in these federal-provincial proceedings. For 17 years, he promoted the interest of his province and his region very vigorously, but he always took the larger view of Canada. He always put the national interest first. I want to note, as well, with pleasure, the presence of Dennis Patterson, the newly-elected Government Leader of the Northwest Territories, whom I had the privilege of welcoming to Ottawa a few days ago.

Nous aurons l'occasion, demain, d'écouter Monsieur Patterson, et son collègue du Yukon. Nous avons tous été attristés par le décès de Monsieur René Lévesque qui, pendant ses quelques vingt-cinq années de vie publique, a mérité l'admiration de tous les Québécois, et le respect de tous les canadiens. L'objet fondamental de la Conférence annuelle des Premiers ministres est de promouvoir l'unité et le bien-être du peuple canadien. Nous avons décidé de toujours la tenir dans le quatrième trimestre de l'année parce qu'il nous est plus facile ainsi de planifier et de coordonner la conduite des affaires fédérales-provinciales, la préparation de nos budgets et la recherche de consensus sur les grandes questions économiques. Nous avons, depuis, consacré cette pratique dans l'Accord du lac Meech. L'année qui s'achève a été fertile en activités et en réalisations dans le domaine des relations fédérales-provinciales. Monsieur le Premier ministre Peterson, en soumettant, hier, l'Accord du lac Meech à l'approbation, au tout début de l'Assemblée législative de l'Ontario, de votre province, vous m'avez rappelé, une fois de plus, le caractère vraiment spécial de l'avènement du 30 avril, au lac Meech. Dans ce décor naturel, typiquement canadien, onze Premiers ministres provinciaux, représentant quatre formations politiques différentes, sont parvenus à concilier leurs aspirations respectives avec l'intérêt national. Avant la réunion du lac Meech, et depuis, nous avons assisté, je pense, à une transformation de l'atmosphère des conférences des Premiers ministres où la confrontation a fait place à la coopération. Nous ne sommes pas en mesure de parvenir toujours à l'unimité comme au lac Meech, mais les relations entre nos deux paliers de gouvernement sont débarrassées des attitudes acerbes, qui étaient en train de les caractériser. Le dialogue fédéral-

provincial, étant devenu plus productif, je crois que les canadiens ont repris confiance dans l'efficacité du forum que nous sommes en train de constituer.

Around this table, in private and in public, we try not to blame one another for our problems, but seek to work together to find solutions. No matter how divergent our views on occasion, we can still manage our affairs in a spirit of mutual respect. Thanks in no small measure to First Ministers, national reconciliation is more than a slogan, it has become a reality.

National reconciliation is one important aspect of our agenda for Canada. Economic renewal is another. They are strongly linked and mutually reinforcing.

I happen to believe that the principal key to our economic expansion has been the rebirth of cooperative federalism.

In a federal system, it's my judgment that sustained tensions and antipathies ultimately paralyze economic progress. Reconciliation has led to renewal and renewal has strengthened our unity.

We're all delighted, Mr. Premier, to be here in Toronto. Next June, in this world class Canadian city, I'll have the honour of chairing the economic summit of the world's seven leading industrialized democracies.

I invited them at the last summit in Venice, I invited them to Toronto for a very special reason -- to show the world this great city which has become a driving force of our business and investment communities and a cosmopolitan gathering place of the world's cultures that symbolizes Canada's multi-cultural character.

All Canadians have great pride in the spectacular growth of Toronto with its current dynamism and it's outreach,

and I very much wanted the leaders of the G-7 nations, together with the thousands of members of the world press who will accompany them to see Toronto and all that it's become first hand.

At this point, I'd like to officially acknowledge the gracious hospitality of our host, Premier David Peterson of Ontario, and invite him to say a few words of welcome.

Hon. David Peterson (Premier and Minister of Intergovernmental Affairs, Ontario): Thank you, Prime Minister and Colleagues.

Let me extend to you an extremely warm welcome to Toronto and to Ontario. Delighted to host this First Ministers' Conference on the Economy for Toronto.

I appreciate very much, Prime Minister, your compliments about our City. We do believe it is an international class city and would make a very fine international financial centre here, as well.

The Chairman: It already is.

Mr. Peterson: We are trying to keep it that way, Prime Minister.

The Chairman: Doing very well.

Mr. Peterson: I do want to say, particularly to our new colleague, Frank McKenna, a very warm welcome to you, Premier McKenna. We all have some understanding of the onerous burden that you have just assumed, although you've taken on that wish you well in your deliberations and say a very welcome.

I remember when I first came to a First Ministers' Conference, Premiers' Conference, and many of the people here were there and there were some of our predecessors as well. I remember how they extended the hand of friendship to me, they gave me advice. I've never experienced these debates on a partisan basis. But I was immediately welcome to sit at the Council table and share our experiences and our views. I am sure every one of us extends the very same offer and invitation to you.

I look forward, Prime Minister, to a very productive couple of days. There is no question we will have difference of opinion, but it's going to be a measure of our maturity as a nation of how we can handle those differences in a constructive way. Because whatever the differences are we have very, very much more in common than the things that divide us. And I am sure, sir, with you having set the tone for this Conference that all of us will be happy to follow that lead and try to have a very productive couple of days for the benefit of all Canadians.

The Chairman: Thank you, Premier, for your gracious and thoughtful words of welcome. We are all delighted to be here and we had a very good meeting thanks to you last evening.

Je voudrais maintenant passer à l'ordre du jour de la Conférence. Comme vous le savez, rapidement, la matinée sera consacrée aux discours d'ouvertures. Cet après-midi, nous allons examiner les progrès réalisés dans certains dossiers fédéraux-provinciaux. Nous nous pencherons alors sur de nombreuses questions importantes pour les Canadiens, les pêches, l'agriculture, la politique relative au marché public, la place de la femme dans l'économie, le développement régional ainsi que les sciences et la technologie.

En concernant nos efforts, nous pouvons le relever, je pense, le défi de l'égalité et la dignité pour les femmes qui travaillent et l'établissement d'un système national de garde des enfants serait, sans doute, un bon moyen de réaliser ces progrès en ce sens. J'en ai discuté brièvement avec mes collègues Premiers ministres hier soir et nous aurons l'occasion d'en discuter davantage demain.

Together I think as a challenge we can also meet the important challenge of illiteracy in Canada, and that too is a very important part of an economic conference.

Today at least one adult Canadian in five is functionally illiterate. This is a stunning waste of talent and skills that is just not acceptable for a country that prides itself on its excellence in education. Mr. Crombie will be meeting with your Ministers in February to follow-up on a very successful national forum on post-secondary education recently concluded in Saskatoon.

We must also encourage Canada's 1.3 million physically disabled persons to make a full contribution to our society and our economy. We just aren't doing enough as a country and as a people to facilitate such a productive role. Not everyone can or perhaps should be a Rick Hansen but everyone can make a meaningful contribution to the life of our country if given half a chance.

It's our collective responsibility and that of our governments to ensure that disabled persons can fully participate in all aspects of an economic, social and cultural life in Canada.

Only if we make a collective commitment to excellence can we as Canadians compete with the best in the world. Together I think we can also meet the challenge of research and development. There's been great co-operation in that area. Premier Peterson and I, and I think in a special way, have been working very, very closely in this very important area.

As you know, we have created the National Advisory Board of Science and Technology which I am chairing myself to help us chart the country's course in research and development.

It brings together 40 of Canada's leading scientists, researchers, scholars and business people to guide the expenditure of more than \$4 billion a year in federal funds in this area.

We will have an opportunity to discuss this afternoon the National objectives for science policy agreed upon by Federal and Provincial Ministers, and in January, back here in Toronto, I'll be chairing a National Conference on Technology and Innovation and trying to tie that technology in its usefulness to the marketplace and the creation of new and better jobs for our children.

This major effort will help us steer a course for Canada in R & D, just as the National Economic Conference in March of '85 helped us set the National Agenda.

Colleagues, no one could have failed to realize the extent to which in recent weeks we've been reminded of how much we live in an interdependant world. We've been reminded there that what happens in markets in New York and Tokyo and London, significantly affects markets in Toronto, Montreal and Vancouver.

I refer to the unprecedented adjustment in world financial markets that has occurred since October 19, and that impacts on every person, every Minister of the Crown around this table. Many of the lessons of the thirties have been learned. Governments around the world took prompt action to lower interest rates, ease monetary policy and bolster confidence.

Through the Economic Summit Group of 7, the Government of Canada, the presence internationally, particularly at the European meetings by the Honourable Michael Wilson has been playing its part in promoting change in advancing the world conditions in which Canada will flourish.

In its trading relations with the U.S. and at the G.A.T.T., Canada will do everything to ensure the world does not repeat the mistakes of the 1930's, when the world was less

interdependant than it is today, when governments with lack of vision adopted disasterous protectionist measures. Challenges are not without some precedent.

Canada is well positioned to continue its strong performance over the coming months. And I think that Canadians have every reason to be confident. Our economy has been growing faster than any other country in the Economic Summit Group, and we have the fastest employment growth of any O.E.C.D. country, a grouping of the 24 leading industrialized nations in the world.

This economic and employment growth, I don't think occurred in a vacuum.

In the National Government and in your own governments, we began the process of putting Canada's Economic House in order. We began by reducing the deficit and the growth of discretionary spending, resulting in lower interest rates, increased consumer spending, and a renewal of investor confidence in Canada.

I know and I acknowledge that these aspects of public administration don't always make for good headlines, but they do make for good government.

The deficit in Canada has fallen from \$38.3 billion when we took office to \$29.3 billion this year. The first consecutive three-year decline in our budget in 30 years.

Relative to G.D.P., this represents a decline in the deficit of more than a third in just three years. We've held discretionary spending to below the rate of inflation, and this is the lowest rate of increase in Federal Government spending since the end of the Korean War.

The prime rate has fallen by more than three points, stimulating tremendous business expansion and business startups.

The results, well, over one million new jobs have been created just within the last three years, bringing the national unemployment rate down by more than three points. The problem that preoccupied us all at our first conference in Regina, and I remember Premier Pawley's intervention in that regard.

Youth unemployment, such an ongoing concern to all of us. Youth unemployment has fallen by fully five points in three years from 18.3 to 13.2 per cent. This is a powerful accomplishment and shows what we can do as a country when we cooperate.

And the nature and the quality of these jobs. It's not just the numbers, they're important. But the nature and the quality of the jobs I think deserves a word as well.

Of the million jobs, nearly 90 per cent of these jobs are full time, reversing almost completely a trend that had developed in the late '70's and early '80's towards almost exclusively part-time jobs. There's been a total reversal in the fundamental nature of the jobs that are being created. They are now full time. No less important a component of these jobs, of the million new jobs, in three years, 55 per cent of the jobs created in Canada have been achieved and taken by women. That, to me, is meeting a pretty fundamental, social objective, 55 per cent of these jobs.

In the first ten months of this year alone, where we are just about now, employment in Canada has increased by 375,000, and I mention it because it's been pointed out to me by Federal Officials and we should look at it as something we can do. This represents the largest number of

jobs created by Canadians in the first ten months of any year since the Federal Government began compiling statistics in this particular area.

In the last three years, a direct consequence of this employment growth has now impacted on other areas of society.

525,000 Canadians saw their incomes rise above the poverty line, reversing completely a trend that had gone the other way, over a half a million Canadians have been taken out from under the poverty level and raised above. This is indicative of the growing fairness of the economic impact across the country. Not perfect, but as incomes of these Canadians rise so does their sense of dignity and self-worth.

These are jobs. We are talking about a million jobs distributed among women and men across the country and jobs in my judgment is the best kind of social policy a nation can promote.

By now our economic design I think is discernable to all Canadians - deficit reduction, lower interest rates, new investment, increased consumer spending, tax reform, regulatory reform, privatization, research and development, new approaches to regional development and diversification of the western economy, Atlantic Canada Opportunities Agency and our trade initiatives.

Évidemment, chers collègues, l'accord commercial canado-américain est évidemment l'un des plus importants éléments de ce plan d'action économique. Nous savons tous que le commerce est le moteur de notre économie; nous exportons pas moins de 30 % de tout ce que nous produisons, ce qui est, il faut le souligner, deux fois plus qu'au Japon et trois fois plus qu'aux États-Unis. Nous savons tous que des millions d'emplois au Canada dépendent de la conservation des marchés d'exportation existants et de la création de nouveaux débouchés commerciaux, et c'est exactement pour ça que nous faisons, que nous cherchons à faire avec l'Accord de libre-échange.

Je crois qu'il s'agit d'un bon accord et je me battraï pour convaincre mes concitoyens de ses avantages. J'espère, comme le Premier ministre Peterson a mentionné, que nous pourrions mener cet important débat public avec civilité, car c'est l'enjeu national le plus important pour la génération actuelle de Canadiens. Mais c'est à bien des égards pour la prochaine génération que l'issue du débat importe vraiment. Elle n'importe pas seulement pour les personnes ici présentes dans cette chambre aujourd'hui: tout le monde ici a un emploi. Il n'y a pas de chômage ici. Elle est importante pour les autres, surtout pour les jeunes qui se mettront bientôt en quête d'un emploi.

Voilà le défi des 15, 25 et 40 prochaines années; voilà le défi de la Conférence des Premiers ministres pas pour aujourd'hui, pas pour les personnes dans cette salle à Toronto, à Montréal ou à Baie Comeau, mais pour l'avenir de nos jeunes. Je voudrais prendre quelques minutes pour énoncer les principaux éléments de cet accord de façon très rapide.

D'abord, l'Accord élimine tous les tarifs douaniers des deux côtés de la frontière, les uns immédiatement et les autres graduellement, sur une période de cinq ou dix ans. Cela favorisera la diversification des économies régionales, dont le développement a été entravé par l'imposition de tarifs élevés pénalisant la valorisation des ressources.

Nous convenons tous aussi, je pense, que les tarifs douaniers ne sont ni plus ni moins que des taxes à la consommation qui ne profitent qu'aux industries boíteuses: leur élimination équivaut à une réduction de taxes. On a estimé, par exemple, que les avantages découlant de l'Accord de libre-échange pourraient faire épargner jusqu'à 8 000 \$ pour le consommateur moyen sur les frais de construction et d'ameublement d'une maison au Canada.

Another gain clearly is agriculture: the agreement removes the threat of restrictions on exports of beef - a major priority, an historic priority for Western Canada - and the elimination of the tariffs on value added products such as processed fish products which is a boom for the Atlantic and the Pacific regions.

We have maintained intact our marketing boards for poultry, dairy products and eggs and the right to introduce new supply management programs should we see a need.

In investment and energy, new investment, in my judgment, means new and better jobs for Canadians, for young people, for women, for older workers. New investment means a state-of-the-art economy, and technological excellence that can lead to a competitive edge in world markets.

New investment means development of our natural resources and wealth in all regions of Canada. More investment means more energy and more energy means more security of supply.

As Premier Bourassa has said publicly, and I quote him, "It is far better to import investment than to export jobs."

So, take the West's soil and gas sector which needs huge, colossal capital inflows to get its tar sands megaprojects back on track. Where is that going to come from? That is vital to the future of Canada. The agreement in energy creates new opportunities for Ontario and Saskatchewan uranium. For electricity exports from Manitoba, Quebec, and British Columbia; I mean, where is Manitoba going to sell its hydro, or Quebec? For the West soil and gas and the exciting potential of the East Coast.

We're talking here about the Canadian frontier, about the pioneering spirit of our people, whether it's in the Beaufort Sea or Lloydminster, or James Bay, or Hibernia off the coast of Newfoundland and Labrador which Premier Peckford has been fighting for for so long, or gas deposits -- huge gas deposits off the coast of Nova Scotia.

L'Accord crée un important précédent également qui a été commenté hier par les avocats, les juristes les plus éminents ici à Toronto, créant un important précédent en ce qui concerne le règlement des litiges commerciaux et notre sécurité d'accès au marché américain. L'application du droit commercial américain aux marchandises canadiennes sera sujette à examen par un nouvel arbitre impartial: un tribunal dont les décisions seront exécutoires, auquel des Canadiens siégeront à égalité avec leurs collègues américains, un tribunal qui va échapper aux tractations politiques de l'un ou de l'autre pays.

D'ici cinq à sept ans, nous aurons négocié un nouvel ensemble de règles qui nous permettront de traiter de façon plus équitable des problèmes liés au dumping et aux subventions.

Dorénavant, le Canada ne pourra plus être frappé involontairement par des lois américains ayant d'autres pays pour cible; si une loi doit s'appliquer à nous, elle devra le mentionner en toutes lettres.

En somme, nous avons négocié un arrangement pragmatique qui garantit le respect de la règle de droit. Cet accord commercial transmet également un signal sans équivoque aux autres nations commerçantes et il imprime un véritable élan aux prochaines négociations du GATT.

The Agreement, Colleagues, preserves and improves the Auto Pact under which nearly 100,000 jobs have been created in the auto and parts industries since this very important Agreement was negotiated by the Government of Canada 23 years ago.

The present decade alone has seen more than \$10 billion of new investment in the auto industry in Canada, and this has been a source of pride and strength for all of Canada.

The Big Three automakers support this Agreement. The Agreement maintains the Auto Pact safeguards, maintains strong incentives for the Big Three to produce in Canada; creates a higher North American content standard for foreign firms which were not an important factor in 1965.

When Simon Reismann, who negotiated for all of Canada, negotiated the Auto Pact almost a quarter of a century ago, he himself negotiated every article in that document which has brought so much prosperity to Canada.

In addition, under the Agreement the rules of origin have been tightened so that there will be new opportunities for our parts makers, and this will mean more production and employment opportunities in Canada.

Moreover, under the Free Trade Agreement, replacement parts and tires which are not covered by the Auto Pact, will enjoy duty free treatment in both countries. The Canadian auto and parts industry is highly competitive and the Agreement creates new opportunities for expansion.

The challenges facing the North American auto industry are complex and go well beyond the relationship between Canada and the U.S. They also affect third country trade, and a blue-ribbon panel will be established to advise governments on automotive industries.

This Agreement opens up procurement and gives Canadian suppliers, small businessmen in the Atlantic Region, in

Northern Ontario and elsewhere, access to at least \$4 billion for the first time in U.S. Government contracts. It blazes a trail for the World in the area of services by establishing rules for the first time ever in an international trade treaty.

There are real implications in this Agreement for the multi-lateral trade negotiations. People keep referring to the GATT. That's what it is! That's exactly what it is!

Let there be no mistake. Whatever transpires between the world's largest two bi-lateral trading partners is, and that is United States and Canada, of overwhelming significance to what's going to happen in a multi-lateral context.

You know, Colleagues, when we as Canadians put aside our Federal and Provincial hats, just as Canadians, and we think of our place in the world, we often think of ourselves as a leading middle power. Well, you know that's only half right. Because in terms of trade and economic clout, we're much more than that.

We are an important global power. Canada, with less than one per cent of the world's population, accounts for nearly five per cent of the world's trade. Our G.D.P., what we produce, is now in excess of \$550 billion a year, which breaks down somewhere in the neighbourhood of over \$20,000 per man, woman and child; one of the highest per capita incomes in the world.

Look at our G.D.P. figures and compare it, for example, with the United Kingdom with twice our population and you'll see that we're breathing right down their necks. There is an astonishing strength in our economy and it has produced and led the way to the position that we have enjoyed in terms of our negotiating posture with the United States and elsewhere because of that.

But we must also look for ways and means to reduce protectionism, not only in world markets, but in the Canadian common market, not only in international trade, but in interprovincial trade.

I don't think that it should be against the Constitution for somebody in Montreal to buy a bottle of Moosehead from the Maritimes, as a lot of Montrealers probably like that. And just as easily as somebody in Boston can buy a bottle of Molson made in Montreal. Isn't that interesting? You can buy it in Boston if it's made in St. John, but you can't buy it in Montreal. And that has to tell you something about the unusual nature of interprovincial boundaries. And I come from a region where beer drinking is not a major source of difficulty.

I believe that, for example, bricks from -- how do you like another astonishing thing. Wouldn't it be cataclysmic and revolutionary if we as Canadians allowed bricks produced in one province to be put on sidewalks

in another. That's a real revolutionary thing. Imagine that. You make bricks in Ontario, you can't put them on sidewalks in Quebec. So, I think this is just as silly as it sounds, self-defeating, and all it does is inflate the cost to the consumers and make us look reasonably lacking in vision when it comes to our capacity to speak to some pretty complex international matters.

So, I think our Ministers responsible for economic development should accelerate their work to reduce internal barriers to trade.

Si, collègues, je suis tellement en faveur du libre-échange, c'est que je vois le Canada comme un pays ouvert au monde extérieur, un pays convaincu de l'excellence de ses producteurs et de leur capacité d'affronter la concurrence sur les marchés internationaux, un pays décidé à fournir à ses consommateurs un vaste choix de produits à des prix concurrentiels et à ses jeunes, d'abord et avant tout, à ses jeunes des emplois dans les secteurs les plus névralgiques et les plus avancés de la technologie.

Nous avons dit, dès le début, que notre système de programmes sociaux, notre souveraineté culturelle, nos programmes de développement régional et notre dualité linguistique n'étaient pas en jeu dans les négociations. Nous l'avons dit dès le début et nous l'avons maintenu jusqu'à la fin, et j'invite quiconque qui veut me contredire là-dessus, de le faire en public parce qu'il s'agit là d'une pierre angulaire de notre approche que nous avons respecté intégralement du début jusqu'à la fin. Je crois en cet accord, tout comme je crois en l'Accord du lac Meech.

Je crois qu'il augmentera notre prospérité tout comme nos nouveaux arrangements constitutionnels vont renforcer notre unité.

Le commerce engendre la croissance, la croissance engendre la prospérité, la prospérité engendre la force et la force d'un pays est le meilleur garant de sa souveraineté.

Sovereignty is becoming an interesting word, and I think an important one, but often a much-maligned one recently. We're enhancing our sovereignty as the Government of Canada in many ways.

Our commitment to renew our conventional Armed Forces and to provide them with world class materiel as set out in the National White Paper on Defence, first time in 16 years asserts our determination to be able to defend our democratic values and fundamental freedoms.

Our decision to build in Vancouver a Class-8 icebreaker, the most powerful in the world, at a cost of almost \$500 million was done to allow Canada for the first time to exercise direct sovereignty over our Arctic waters. We said it was ours and we couldn't get there. We didn't have the capacity to guide our own ships in there. And so we've committed the resources to make sure that the Government of Canada can exercise its sovereignty over the North.

Our decision to acquire nuclear powered submarines will enable us to pursue our three-oceans responsibility. It's the only way it can be done, including the Arctic, and affirm our national sovereignty in a manner hitherto beyond our capacity. It could not physically be done.

Our ability to gain admission for Canada in May of 1986 in Tokyo to the G-7 has ensured for the first time the presence and the influence of this nation in the international monetary forum where so many vital decisions affecting our national economic well-being are made.

In the past, it didn't exist. International monetary decisions affecting the currencies were taken without the presence of Canada. Mr. Pawley has just come back from his very successful trip to the Far East and we were discussing

the impact of currency transactions on investment intentions, as they impact on Canada and here until last May, there was a grouping of five countries making these important monetary decisions and Canada was not part of it. Well, we fought to get Canada in, and Michael Wilson is very much a member of the G-7 which makes the decisions which impact mightily on our lives, and that is an assertion of sovereignty of the best kind.

Notre participation à la création de la Francophonie et notre appartenance au Commonwealth nous rappellent non seulement la dualité vitale de notre nation mais aussi le rôle constructif et distinct qu'elle est appelée à jouer dans le monde; c'est ça la souveraineté. C'est nouveau, c'est un instrumental vital du Canada qui n'existait pas auparavant. Le fruit d'un accord et le résultat d'un travail, je pense, historique de la part du gouvernement du Québec et du gouvernement du Canada et du gouvernement du Nouveau-Brunswick qui a permis la création d'un nouvel instrument d'affirmation de souveraineté.

Le fait que le Canada ait été, ait récemment été l'hôte de deux importants sommets internationaux à Québec et à Vancouver ainsi que le rôle indépendant qu'il a joué dans divers domaines, allant de l'apartheid en Afrique du Sud jusqu'à l'effacement de la dette de l'Afrique ont été l'occasion, je pense encore une fois pour lui, de faire valoir son attitude modérée et constructive en affaires internationales.

And colleagues, the presence of her Majesty in Canada in October, making her first official visit to the Province of Quebec in 23 years, at the request of the Government of the Province of Quebec and the Government of Canada seems to me to underscore the distinctiveness of this nation and the fundamental differences that exist and always shall between the United States and Canada. Anybody who doubts the differences and doubts the Sovereignty, has been blinded to events, real fundamental events that have been going on in Canada in the last three years.

I think these initiatives, all of them, and perhaps you'll mention others, colleagues, strengthen our independence and accentuate the uniqueness of Canada and our role in the world. That's what Meech Lake was all about. Making Canada more united and more unique and more different.

When we were at the "Sommet de la Francophonie", Mr. Bourassa and I, there wasn't an American around that I could see; maybe some under the table, There wasn't a single one at the Commonwealth in Vancouver where Canada was in the chair on both occasions.

We have worked to strengthen these instruments that makes us more distinctive.

And so the Trade Agreement that we're talking about, let's get in perspective. A trade agreement is a commercial agreement. It doesn't alter our values or our way of life.

When France joined the Common Market, with implications well, well beyond trade, did anyone suggest that General De Gaulle had sacrificed in any way the independence of the Republic? Did anyone suggest that Monsieur De Gaulle

had placed in peril the French language or French literature?

When Britain joined the European Community, infinitely more integrated than anything we're talking about in a commercial transaction, did anyone suggest that that diminished the cultural heritage or the values of Great Britain; is it not still the inspiration for writers and poets and artists of the English speaking language that it's always been? Does anyone think for a second that the presence of Great Britain in a tightly integrated European Community, if this were to diminish Britain sovereignty for one twittle -- as John Crosbie would say -- that Margaret Thatcher would stay there for five minutes? The thought is preposterous.

The most compelling result of the European Community has been the emergence of more powerful economies for its member nations.

With a stronger economy, we will be a stronger nation.

Now, I appreciate that not everyone around the table supports the agreement and I respect your opinions. Such is the nature of our democracy, as Premier Peterson is quite properly pointing out.

As Prime Minister, I have actively sought your views and we have debated these matters at great length in nine private First Ministers' meetings lasting some of them as long as I think eight or nine hours, and I'm going to be meeting you again in the near future to review the legal text which is now in the final stages of drafting.

This agreement is in my judgment, a powerful instrument of growth and unity for Canada. It's good for every region of the country. For the forestry worker in B.C., it means improved access to the U.S. market and the

removal of abuses to the system such as we saw with softwood lumber, and we talked about that last night.

For the worker in the oil and gas industry in Alberta and Saskatchewan, it means unrestricted market access for their product.

For Alberta ranchers, it means unrestricted market access for exports of red meat.

For hog producers in Manitoba and Alberta, it means removal of technical barriers that have hindered their exports up to now.

For our petrochemical workers in Ontario and Alberta, it means tariff-free access to U.S. markets for products refined in our world class petrochemical plants.

For management consultants, the wave of the future, engineers and architects in Toronto, Montreal, Halifax and Vancouver, it means spectacular new opportunities in the United States of America.

For steelworkers in Hamilton and Sault Ste. Marie, it means a safe harbour from constant pressure and vexatious action in recent years by U.S. steel producers for restrictions on Ontario's and Canada's steel exports to the United States, and you know how hard we've had to fight to get Ontario steel in under those barriers, and so many jobs in Hamilton and the Sault, and elsewhere, depend on them.

Les travailleurs de la construction du Québec et du Manitoba bénéficieront de l'augmentation des exportations de l'Hydro. L'Accord pourra, un jour, pourrait contribuer à concrétiser la Phase II du projet de la baie James; il pourrait aussi accélérer l'aménagement du "Site C" en Colombie-Britannique et entraîner la réalisation d'autres projets de l'Hydro sur le fleuve Nelson au Manitoba et sur les puissants cours d'eau de l'ouest du Labrador et de l'est du Québec.

Les travailleurs du vêtement de Montréal verront les costumes qu'ils confectionnent atteindre le marché new-yorkais sans être frappés d'un droit d'entrée de 18%.

Les nouvelles entreprises québécoises extraordinaires de dynamisme de l'entrepreneur québécois auront accès au riche marché du nord-est des Etats-Unis qui est tout près et qui compte 50 millions de consommateurs à quelques kilomètres du Pont Champlain de Montréal.

For New Brunswick and Prince Edward Island potato farmers, export opportunities will increase with the removal of the potato tariff.

And in P.E.I., once the fixed link is in place, Mr. Premier, if that's the decision, potato farmers and lobster fishermen will ultimately be looking at lower transportation costs I believe.²

Our fishermen in Nova Scotia and New Brunswick and Newfoundland will also be major beneficiaries.

For financial institutions and the life insurance industry, it means security of access and new opportunity in the future.

Now obviously for some industries there will be periods of adjustment.

Le gouvernement canadien a déjà mis sur pied d'importants programmes pour venir en aide aux travailleurs touchés et il collaborera étroitement avec les provinces pour améliorer ses programmes et les adapter aux véritables besoins des bénéficiaires.

Nous voulons bénéficier davantage des conseils et de l'aide que peuvent nous apporter les principaux partenaires de l'économie canadienne, c'est-à-dire les gens d'affaires, les syndicats et les consommateurs. Nous allons établir un Conseil consultatif dont le rôle sera de nous guider dans la tâche délicate de définir les ajustements à faire, dis-je, pendant la période de transition.

Le Conseil nous aidera à faire en sorte que les Canadiens tirent pleinement avantage des nouvelles possibilités qui découleront de l'accord commercial.

J'en aurai davantage à dire au sujet de ce Conseil quand la rédaction du texte juridique sera terminé.

Colleagues, the Canadian workforce is in a state of constant change. Four million Canadians change jobs each year - about one-third of our entire work force. Such is the requirement of the marketplace in a rapidly changing environment. To resist change in this environment is to ensure diminished growth and a less secure future.

Governments must help people affected respond to that reality. For some, such as the grape producers there will be challenges to adapt to change. We are sensitive to their concerns and special needs during the transition to the new environment. We will, of course, be monitoring closely developments during the agreement's phasing in so that effective solutions to any difficulties are quickly implemented.

In the near future our Agriculture Minister, John Wise, himself a farmer from Southwestern Ontario will be meeting with the grape growers, the wineries and the provinces to seek appropriate solutions and Premier Peterson and I have discussed in the past our mutual desire, certainly the intent of the Federal government to be of assistance in this vital area.

Let me also emphasize the Agreement means a chance to compete on an even footing in a big new market. Where Niagara and Okanagan wines are of competitive quality, and many of them are, they are going to prosper under the terms of the Agreement because of the access to this brand new opportunity.

So, I believe Canada has gained much in this Agreement.

Congressman John La Falce, Chairman of the important Congressional Sub-Committee on Small Business was in Toronto recently and he discussed the deal, I understand, with Premier Peterson, after which he apparently gave a Press Conference, and here's what he said as reported last Saturday: And I quote him:

"As I read it so far," he told the Globe & Mail, "Canada came out far ahead."

"There's a general feeling within the United States of America that the Free Trade Agreement might be much more favourable to Canada than to the United States, although we hope it will be a net win for both sides."

And let me finish the quotation with something that I think will interest you from a major analysis of the Agreement of the Washington Post on November 8th which read as follows, and I quote:

"While opposition mounts in Canada to a recently completed Free Trade Agreement with the United States, other countries are asking the Reagan Administration for a chance to conclude similar pacts."

"Among major U.S. trading partners that have expressed interest in negotiating free trade pacts with the United States are Japan, South Korea, Taiwan and some members of the five-country association of Southeast Asia, especially Singapore."

"In addition", it goes on, "Israel now wants its two-year-old Free Trade Agreement with the U.S. upgraded to match some of the provisions of the Canadian pact..."

But I think, Colleagues, when you get the Japanese, the Koreans, the Taiwanese and the Israelis, wanting to upgrade and get similar pacts, I think we're on the right track.

But let me point this out. The Free Trade Agreement with the United States is neither a miracle nor a mirage. It will not make us all wealthy by Christmas, nor solve regional disparities by the spring. But it can become the cornerstone for sustained economic growth and the creation of new and better jobs for Canada's youth.

I believe that when you secure existing markets and open up new ones for Canadian business, new prosperity for both countries will be the result.

I believe that when you lower barriers to trade, to interprovincial trade and international trade, the new prosperity and new jobs are created.

I believe finally in the common sense of the Canadian people to weigh the arguments, to assess the net benefits, to look into the future and see the emergence of a new Canada, united prosperous and strong.

And I believe we can conduct this debate with respect for one another's views because in the end, as we chatted last night in good and vigorous debate, in the end at this First Ministers' Conference and everywhere else, we're all Canadians, all of us, simply seeking to build a better nation.

And so, I thank you for your consideration, and I now invite the Premiers to make their opening statements and we'll begin, as is our custom, with Ontario, and I invite the distinguished Premier of Ontario, Mr. Peterson, to begin.

MR. PETERSON: Thank you, Prime Minister, and again, thank you for organizing these annual First Ministers' Conferences on the Economy. I believe that they can be a very constructive instrument for national unity in finding some common goals.

And indeed, by meeting every year, sir, we are recognizing the fact that we have more in common than we have that divide us, and collectively we're facing the same challenges, and, indeed, as a matter of national policy and national aspirations, we all seek the same opportunities for every Canadian.

So, sir, in sum, these conferences are about nation-building. They're about reforming and restructuring our economy to benefit not only the private commercial interests of Canadians, but the public interest and the strength and unity of our nation.

But for national dialogue to be productive, it's got to be positive and it's got to be filled with goodwill and free of acrimony.

That, sir, is the spirit in which you have started the discussion today. We've got to make sure that we use that same spirit when we discuss this most contentious issue at the table today, that of the U.S./Canada Trade Pact.

The issue must not become a tug-of-war between the regions. It's got to be an honest and wholesome debate amongst all Canadians.

And we have an obligation, I believe, to share our perspectives. That's why I say to my colleagues, I invite all of you to Ontario to explain your point of view, your analysis of the situation, your understanding of the impacts on your own region as well as Canada.

I think it's important that all Canadians have the benefit of the best advice and counsel they have, as ultimately, they will make up the final decision.

Because the reality is in every province there are Canadians who support the agreement and there are Canadians who oppose the agreement. So the debate is not a debate about regional interests, it's a debate about what is in the national interest. There is no doubt that we all stand to gain under a good trade agreement but we all stand to lose if we settle for a bad one. From either standpoint this is as important a debate as this country has faced in many, many years.

None of us I think should under-estimate the historical significance of this debate and the impact it will have for a very long time in the future. But I think at the same time we've got to keep this issue in perspective. This agreement, as the Prime Minister says, would produce neither instant prosperity nor instant disaster. The key question is: would it advance our goal of economic development, or would it set us back?

Canada sought a trade agreement with the United States for one principal reason to secure access to the U.S. market for goods and services. I think all of us, certainly Ontario, shares that goal.

So far we have seen only a preliminary agreement but in our view it is apparent that that agreement, as tabled, does not achieve the goal we set for ourselves. Under this deal our access to the U.S. market would not be appreciably more secure than it was the day that negotiations got underway. When you talk, sir, about the effects on chemical workers in Ontario or Alberta, or steelworkers I don't think there's any demonstrable proof that there will be any increase under this. And indeed we're subject to the same trade remedy wars we were at the beginning of this discussion.

Under this deal Canadian firms are still vulnerable to harassment under U.S. countervail and anti-dumping law. The new bi-lateral panel to review anti-dumping and countervail disputes would only be able to determine whether trade actions are consistent with the same U.S. laws and regulations that are now being used to harass Canadian exports.

So in our view, these negotiations gave us very little of what we sought to gain. And worse, we gave up much that in our view as a nation, we cannot afford to give up. This deal gives away our ability to pursue an independent energy policy, an important instrument of regional economic development for every province. It gives away safeguards that have ensured the existence of a dynamic auto industry. It gives away most of our ability to insure that Canadians benefit from U.S. investment and proposed foreign takeovers of Canadian-owned firms.

This deal can seriously weaken governments' ability to help our people meet their goals. Under this deal, Canada would give away too much and gain too little. And it is for those reasons I say to you that I believe that this deal should be rejected.

Some say that rejection of this deal would mean that we would be ignoring the problem of U.S. protection. The fact is we would be recognizing that the solution does not lie in a policy of fear and insecurity.

There are those who argue that our nation has no option but to accept the proposed agreement. That no matter what the cost any agreement is better than no agreement and that if we do not accept the deal as written a protectionist Congress will continue to harass Canadian exports.

In my view this is not an argument for a strong, bold and outward-looking Canada. We cannot accept a bad deal in a desperate attempt to buy some short-term goodwill south of the border. Refusal of this bilateral deal would not lead our trading relationship to anarchy. It would leave it under the protection of the GATT rules and procedures to which both Americans and ourselves would still be bound.

Some say rejection of this deal would mean that Canada was embracing protectionism. The fact is liberalized trade is everyone's goal but the real question for us is how do we achieve that? Ontario believes that the GATT process, despite its imperfections, offers the best prospects for progress in opening world trade. Our commitment to that process was demonstrated this week by our decision to seek accommodation with the EEC over access to our market for European wine.

Compared to the United States, Canada is a small player in the world economy. But even a small player need not be a pawn.

In the multilateral forum, many of the issues on which Canada has made concessions would not even be on the table. The GATT process provides us with the leverage that comes from sharing interests and goals with other nations. We can use that leverage to open markets without sacrificing the essential rights and responsibilities of a sovereign nation.

Some say that rejection of this deal would mean that we believe Canada is unable to compete. The fact is that Canada can compete anywhere in the world - not only in North America. We have the resources, the industrial base, the talent and we've got to use those assets to become a stronger international trading nation, not just an economic dependent huddling under the American umbrella.

Some say rejection of this deal would deny disadvantaged regions an opportunity to catch up. I believe the facts are that at best this deal would do little to reduce regional disparities.

I agree with those who feel it is counter to all of our interests when unemployment rates in one province are twice as high as unemployment rates in another. As we've been so often reminded by colleagues like Premier Peckford.

But we must ask ourselves, how would this deal affect that?

Even under the best-case scenario in the Economic Council of Canada study which recommended this agreement, in eight years free trade would reduce the gap between the highest and lowest provincial unemployment rates by less than three-tenths of one percent.

Fixating on a U.S. Trade Agreement will not make up for an historic failure to devise adequate regional development programs.

Some say Ontario is seeking to deny benefits to other provinces, the benefits it has received under the Auto Pact. But I think it's important to understand that because the facts are the Auto Pact has worked as well as it has because it is not free trade, it is managed trade. It includes production guarantees and investment commitments. The U.S. trade deal does not do that. They are completely different animals.

Some say rejection of this deal would be a rejection of the need for change. The fact is, we all recognize that change is necessary. The question is for all of us, what kind of change?

We all recognize that Canada cannot just hope to preserve the status quo or return to a bygone era. We all recognize that the economic approaches that worked in the sixties and seventies will no longer serve all of our needs - but in my view neither will this trade pact.

The U.S.-Canada trade pact was a vision for the mid-1980's, when trade with the United States grew dramatically. What Canada needs now is a vision for the future.

The United States will still continue unquestionably to be our most important trading partner. Efforts to stabilize particular aspects of our trading relationship in a truly balanced manner should continue.

But just as we are considering this deal to be our last and only chance, the world around us is changing dramatically.

Just as Canadian trade policy is being totally geared to gaining greater access to the U.S. market, that market may be about to see a decline in its rate of growth. In the wake of the crash of world stockmarkets, Americans are talking about slowing down the tremendous rate of domestic consumption financed by massive borrowing over the past six years.

The dominant forces of economic change are now global in scope -- not just North American.

The volatility of exchange rates demonstrates why we cannot tie ourselves to any one single market.

Since 1985, the Japanese yen and the German mark have appreciated almost 80 per cent against the U.S. and Canadian dollars. The current shift in exchange rates can only open new opportunities not only in Japanese and European markets, but in other markets where Canadian goods are in competition with Japanese and European goods.

Europe and Asia have already become strong pace-setters in technology. Japan and West Germany are passing the United States in non-military technology -- and the competition is getting stiffer every day.

So a comprehensive vision for Canada's future must encompass increased trade with the entire world.

And, and I agree with the Prime Minister, it must encompass increased trade within Canada. I find it ironic that we are considering a deal to reduce trade barriers between Canada and the United States, while frankly we have done very little to reduce them among ourselves. I find it also strange that some of the strongest proponents of free trade in this country with the United States are the greatest protectionists inside their own provincial borders. And I have yet, I say to my friends, been able to figure that one out.

And we have to ask ourselves if the vision is to have north-south economic patterns and all that leads to as opposed to east-west. I remind you our forefathers did have a vision of this country and maybe we have let

them down collectively in some regards.

Unlike the Prime Minister, who is a teetotaler, I would like the odd Moosehead in Ontario, Mr. Prime Minister.

A comprehensive vision for Canada's future must also encompass the building blocks that will strengthen our nation and improve our ability to produce and compete. We've got to address the increasing technological development question, improving education and skills training, reducing regional disparities, developing a more favourable tax climate, and improving our infrastructure base.

The proposed trade deal does not address these goals. Indeed, it has detracted attention from many of Canada's most serious problems and caused our nation, I believe, to delay or set aside many of the solutions -- including training programs and the establishment of research and development targets.

Canada's ability to compete and create jobs is increasingly dependent on our ability to use our heads rather than just our hands.

We've got to combine our strengths in natural resources with our strengths in human resources. The knowledge, skills and entrepreneurial abilities of our Canadian people.

The industries of tomorrow will emerge in those countries which have the vision to pursue them today. Canada has many unique strengths - expertise in food production, energy, steel, largescale construction, telecommunications, transportation, fish and ocean industries and wood products. We've got to build upon those strengths by developing and applying technology and expertise now.

One of the keys to technological advancement is excellence in the performance of research and development. And while we've been talking about R & D, more and more countries have been excelling at it. The race is on and Canada is barely out of the starting blocks.

Of the 12 largest economies among the OECD nations, Canada ranks 10th in R & D spending as a percentage of gross domestic product. In 1986, our R & D spending was 1.35 per cent of our gross domestic product, less than half as much as in the United States, Japan, Sweden and West Germany. It just isn't good enough.

The rate of R & D spending by private industry in Canada was about a third as much as in those four countries and that isn't good enough.

We've got to encourage Canadian industry to invest more in R & D. But if firms lack confidence in government's commitment to R & D, they will probably be reluctant to make the commitment themselves.

And for that reason I question the proposed changes in the White Paper on Tax Reform which will reduce the value of Federal R & D tax incentives, and eliminate support for 40 per cent of the R & D performed by Canada's high-tech companies.

We've got to pursue technological advances by improving the linkages between industries, universities and government - and between the provinces.

Like the Federal government, Ontario and several other Provinces have established boards and councils to foster closer cooperation among various sectors and improve our technological capacity and our ability to compete.

I appreciate the personal interest that you've taken in this, Prime Minister, the Committee you've established, but we've got to work together. Wasted effort is a luxury Canada cannot afford in this high-technology race.

If Canada is to move into the forefront of technological leadership, we must develop new strengths in all regions. We've got to identify targets for the future among industries which offer potential for regional specialization right across the country.

There is, for example, considerable growth potential in health-related industries. Public health care spending in Canada already constitutes 6.6 percent of our Gross National Product, roughly the equivalent of U.S. military spending, the leading development tool in the United States.

By coordinating provincial health-care expenditures -- I know Premier Devine's got a great interest and understanding of this issue -- we can foster new industries in many slow-growth areas.

Any investments we make in technology will yield the results we seek only, however, if they are matched by investments and people.

As more women than ever before enter the labour force, we've got to rise to the challenge of tapping the great vitality and energy that they bring. And if we're to compete in the World economy, we must utilize the talents and skills of all Canadians.

The participation of more than half our potential work force has been hampered by the lack of support systems to

hasten economic equality such as a national child-care strategy and support programs that help workers harmonize their dual responsibilities at home and at work, and that's why we are so pleased and looking forward to your announcement, I believe on December the 3rd, with respect to a national child-care policy.

But since the first Annual Meeting of First Ministers in Regina in 1985, the Federal Government's budget for labour market development and training has been cut in real terms by one-third, by some \$900 million. And this is especially ironic in light of the shortages Canada is facing in many skilled trades.

In Ontario, for example, we've identified shortages in 98 occupations. And even while we invest in our human resources and technological infrastructure, I believe at the same time we've got to look to our need to shore up our physical infrastructure, as well.

In 1986, it was estimated that \$14 billion was needed over the next five years to upgrade or replace our aging network of roads, highways, bridges, sewers and water mains.

We've also got to recognize that no matter what measures we take to improve our ability to compete, regionally based economic cycles will continue to beset our nation. Economic cycles can have widely different effects on different regional economies.

Existing national economic tools cannot always serve the economic interests of all the regions, so there's a need to develop new mechanisms to cushion the regional impact of economic slowdown.

Clearly, we have a great deal to do if we want to ensure jobs and opportunity across Canada now and in the future. We cannot build the kind of nation we want with Free Trade as our only brick.

So, may I, Prime Minister, with your permission, put forward for discussion some ways which we believe we can help forge the competitive edge we need for the 1990's.

Number one: Canada should seek, within the next ten years, to roughly double our R&D spending to 2.5 percent of Gross Domestic Product, about the same rate our leading industrialized competitors have hit today.

In order to reach that goal, we need to review the proposed changes to the R&D tax incentives and the White Paper on Tax Reform. We've got to bring together Federal and Provincial science and technology advisory bodies so we can jointly work out plans to develop new national industry-university links and identify fields in which slow-growth regions can develop new technological strengths.

Ontario would be very pleased, alone or with others, to host a conference in this particular area.

Later today, we will be releasing a discussion paper that, in our view, sets forward a reasonable methodology of how we can best as a nation hit that goal over the next period of time.

Number two: I believe that the Federal Government and the provinces must work together to ensure that two out of three young people who enter the workforce directly from high school get more opportunity to train for job skills, including expanding and revitalizing the apprenticeship training model. As well, we must enable adult

workers and employers to upgrade the skills vital to their competitiveness.

A solid training strategy must also include a viable and straightforward system of income support for trainees.

Today, or shortly, we will be releasing a discussion paper putting forward some ideas on how we can hit those goals as well. In our view, a training strategy must be accompanied by a national child-care strategy in order that Canada can take full advantage of the talents of its people. And so, as I said, sir, we are looking forward to your concrete proposals in a couple of weeks.

Number 3. The Federal and Provincial Ministers of Finance should be mandated to devise investment instruments to increase our national savings, to finance capital development and the growth of small and medium-sized Canadian corporations across the nation.

Number 4. We must plan together to develop and upgrade our physical infrastructure.

Number 5. We must commit ourselves fully to the elimination of trade barriers between the provinces.

Number 6. We must increase our efforts to improve access for our goods and services in the United States and other markets, through the GATT process.

I look forward to, like all of you, hearing the ideas of everyone expressed at this table, so that together Canadians can begin to shape a blueprint for economic development.

But we cannot allow our vision for the future to be pre-empted by a trade deal that may reduce our options and weaken us as a nation.

Canadians must have the opportunity to make up their minds about whether the proposed U.S.-Canada Trade Deal has a place in their vision of Canada.

It's now almost two months since we were told the deal had been struck. In a little more than one month, the Federal Government intends to sign it, but the Canadian people have yet to see a complete text of an agreement that may be as important as any in our history. How can Canadians decide if the deal is worthwhile, until they have seen the hidden costs?

The negotiators have yet to produce a complete agreement after talking for two years. So can we expect the Canadian people to make their judgment on it in less than two weeks?

The U.S. Congress will not even seriously consider the issue for months. But Canadians are being asked to approve the Agreement even before almost it's submitted to them.

The fast-track process slows to a crawl for the U.S. Congress, but it leaves Canadians with little time to even peek at the Agreement.

So we have to ask ourselves as Canadians, why should we allow a U.S. deadline to restrict our opportunity to give this Agreement the serious and extended attention it deserves? We must follow our timetable just as the Americans want to follow theirs.

We must not be stampeded into accepting a deal before Canadians can determine if it meets our needs.

What Canada needs is an economic development policy. This trade agreement is no substitute for that

economic development policy. It will not move us in the direction of eliminating regional disparities or developing new technologies or mastering the skills of the future.

So I say in conclusion, we must as Canadians, before we sign any Trade Agreement, ensure that it is consistent with our needs and our dreams and our vision for the next century. Merci, Prime Minister.

The Chairman: Thank you, Premier Peterson. I look forward to discussing in particular the comments about research and development, and how we can harmonize our efforts in that area. There is a great deal of harmony now, but in the course of our work, we've been noticing the Federal Government is funding 85 per cent of all the public sector investment in research and development in Canada, and in Ontario we're funding ten times more R & D than the Government of Ontario.

Now I know that's a situation the Premier wants to correct and I'm going to work with him and our Counsel very, very closely. We even have the same people on the same counsels because we are trying to very carefully harmonize our efforts, because what comes out is a national figure and where it goes in, people don't seem to add up, and so I say that the Premier and I have been actively discussing this for some time, and I assure him of my ongoing cooperation.

Monsieur le Premier ministre Bourassa.

M. Robert Bourrassa (Premier Ministre du Québec)

Monsieur le Premier Ministre, chers collègues, surement que cette conférence sur l'économie arrive à un moment assez opportun. En effet, je suis d'accord avec les chiffres qui ont été avancés, par le Premier Ministre du Canada, sur le progrès économique très substantiel qui a été fait dans notre pays, et dans la plupart des régions du Canada, sur le plan économique. Il est pertinent, à cet égard, de mentionner la performance économique du Québec, performance très encourageante mais non encore totalement satisfaisante. Encourageante parce que l'emploi a progressé substantiellement en 1987, une moyenne de 101,000 nouveaux emplois depuis le début de l'année, une augmentation du taux de création d'emplois de 3.5% par rapport à la moyenne nationale de 2.5%. Il est intéressant de noter que la plupart de ces emplois sont à temps plein. A 9.8%, le chômage est le plus bas depuis six ans, depuis août 1981, et ceci malgré une hausse de la population active qui a empêché le chômage de baisser davantage, hausse de la population active qui est supérieure à la moyenne canadienne. On doit aussi noter que le chômage des jeunes est le plus faible depuis une dizaine d'années et que cette performance économique a permis au gouvernement du Québec de réduire son déficit et de réduire évidemment son service de la dette. J'ajoute toutefois que cette performance est insuffisante, 10% de chômage c'est beaucoup trop élevé. On doit aussi constater que notre taux de participation à la main d'oeuvre est inférieur à la moyenne canadienne et que nous devons encore affecter près de 15% du budget québécois au service de la dette. Il est donc essentiel de poursuivre les options de développement économique, surtout que la récente crise boursière ne pourra pas faciliter les choses. On peut cependant signaler, comme le faisait

le Premier ministre de l'Ontario, et le Premier ministre du Canada, la réaction positive des gouvernements à l'égard de cette crise par rapport à celle qui a pu exister durant les années '30, c'est-à-dire la baisse des taux d'intérêt plutôt que leur augmentation. Espérons que cette réaction positive s'appliquera également au protectionisme et à la concertation entre les pays.

A cet égard, à l'égard de cette option de développement économique que nous devons tous choisir, le gouvernement du Québec accorde son appui à l'entente du 3 octobre dernier. Les raisons sont bien simples: le Premier ministre du Canada a mentionné tantôt que le Canada est un des pays qui dépend le plus du commerce international, quelque 30%. C'est un taux relativement élevé dans les pays de l'OCDE, c'est-à-dire dans les pays qui sont comparables avec le Canada, les pays qui commercent, les principaux partenaires du Canada. Il y a une vingtaine de pays de l'OCDE qui déjà participent soit à un marché commun ou à une zone de libre-échange. Il y en a un autre qui veut participer au marché commun, la Turquie. Il y en a deux qui ont signé un accord, c'est-à-dire le Canada et les Etats-Unis. Donc, sur 24 pays de l'OCDE, et 24 pays qui commercent avec nous principalement, qui se comparent avec nous, il y en a un seul qui n'est pas intéressé à faire partie d'une zone de libre-échange ou d'un marché commun, c'est le Japon, pour des raisons fort compréhensibles, sur le plan géographique et sur le plan économique. Pourquoi donc le Canada opterait-il pour l'isolement? Pourquoi il opterait pour l'isolement, contrairement à la plupart, à la presque totalité de ses partenaires commerciaux, alors qu'il a encore un chômage très élevé, alors qu'il a un marché relativement restreint, vingt-cinq millions de personnes, et alors, surtout, qu'il est à la porte du marché économique le plus important, ou l'un des plus importants du monde. On répond que ça

pourrait être une menace à la souveraineté du Canada. Pourquoi ce serait une menace pour le Canada, et ce n'est pas une menace pour les vingt autres partenaires? Ce n'est pas une menace pour la Suisse, pour l'Autriche, pour la France, pour l'Italie, pour l'Allemagne, qui participent dans ces derniers cas à une intégration économique beaucoup plus poussée que celle que nous discutons entre le Canada et les Etats-Unis? Parce qu'en fait nous discutons d'une formule minimale de libre-échange, et avec plusieurs conditions au surplus. Il n'est pas question, dans cette formule de libre-échange d'union douanière. Il n'est pas question, encore moins, d'une union monétaire. Le Canada garde toute la possibilité dans sa politique monétaire d'influencer les taux d'intérêt, d'influencer son taux de change pour protéger ses exportations, il n'est pas question de marché commun avec pleine mobilité de main-d'oeuvre, de capital et de marchandises. Donc, je crois que le Canada, en acceptant cette entente de libre-échange, suit tout simplement la logique économique de tous ses partenaires.

Autre point qu'on soulève, le statu quo actuel comporte moins de risques que signer cette entente de libre-échange. C'est inexact. Avec tout le respect et l'amitié que j'ai pour mes collègues qui ne sont pas d'accord, le statu quo actuel n'existe plus, et va exister de moins en moins. On a eu des exemples depuis un an et demie qui ont affecté plusieurs produits d'un grand nombre de provinces. Il n'existe plus, avec les centaines de lois commerciales qui sont actuellement devant le Congrès américain, et qui risquent, qui risquent évidemment d'affecter très sérieusement l'économie canadienne. Chers collègues, si le Congrès américain dit oui à l'entente de libre-échange, et si le Canada dit non, pour préserver un présumé statu quo, quels sont les risques à cette attitude? Nous devons en prendre conscience.

Un autre argument qui est soulevé par ceux qui

s'opposent à cet accord de libre-échange, c'est que nous devrions poursuivre cette troisième option, nous devrions essayer de développer le commerce avec les autres partenaires, avec les autres continents. Mais c'est exactement ce que le Canada a essayé de faire depuis 30 ans, avec les gouvernements de Monsieur Diefenbaker, Monsieur Trudeau. Ça a même commencé, je crois, sous le gouvernement de Monsieur St-Laurent. Depuis 30 ans que nous essayons, comme nation, de développer cette troisième option. Mais avec quel résultat? Encore aujourd'hui nous exportons les 3/4 environ de toutes nos exportations internationales aux Etats-Unis, malgré tous ces efforts qui ont été faits par les différents gouvernements, pour essayer d'établir cette troisième option. D'autres raisons militent, nous le croyons, du côté du Québec, à tout le moins, pour l'acceptation de cet accord de principe sur le libre-échange. Des investissements, le Premier ministre du Canada a référé à une déclaration que je fais constamment, qu'il est tellement préférable pour nous, à tout le moins du Québec, et je crois d'autres provinces, d'importer des capitaux que d'exporter des travailleurs. La nature même du Canada, l'un des plus grands pays de ressources au monde, la nature même du Canada explique et exige que nous soyons ouverts aux investissements, surtout avec un marché de vingt-cinq millions de population, pour l'immense territoire que nous avons, le niveau du chômage des jeunes, encore très élevé dans toutes les provinces, et qui risque, si nous n'avons pas suffisamment d'investissements, d'entraîner l'exode, exode très coûteux pour notre avenir. La possibilité, pour ces investissements d'avoir tous les contrôles, tous les règlements nécessaires pour éliminer tous les impacts que ça pourrait avoir sur l'orientation ou sur les exigences de notre souveraineté culturelle. Autre raison qui justifie l'accord du

Québec à cet accord du libre-échange, la question d'énergie. Nous avons d'immenses ressources énergétiques, dans le cas du Québec et d'autres provinces, de Terre-Neuve, nous avons des ressources renouvelables, actuellement plusieurs dizaines de milliers de mégawatts sont totalement et absolument improductives, alors qu'elles sont renouvelables, et que nous avons dans nos provinces quelque 10% de chômage, 20% dans le cas de Terre-Neuve. Cet accord va nous donner une plus grande sécurité des marchés, des arguments additionnels pour convaincre nos partenaires de pouvoir utiliser ces surplus dont nous n'avons pas besoin, et qui leur permettraient à eux de diminuer les taux pour les consommateurs, alors que nous, ça nous permettrait de diminuer notre taux de chômage. Je crois que c'est un élément qui est important pour une majorité de provinces qui exportent des ressources énergétiques qu'elles ont en grande abondance, surtout celles qui sont loin d'approcher le plein emploi. Des montants énormes sont en cause. Des dizaines et des dizaines de milliards de dollars qui peuvent s'ajouter à la richesse collective de notre pays, au bénéfice de l'ensemble des citoyens.

Monsieur le Président, je pourrais énoncer plusieurs autres points, je le fais très brièvement. La procédure de règlement des différends. Le Canada a obtenu un traitement spécial, qui avait été refusé à des alliés aussi étroitement unis aux Etats-Unis qu'Israël. Le gouvernement du Québec, également, a été particulièrement vigilant sur les conséquences que pourrait avoir le traité sur l'agriculture, sur notre identité culturelle, sur les politiques au développement régional. C'est évident que nous n'avons pas obtenu une sécurité absolue vis-à-vis le marché américain, par rapport à ce que nous exportons actuellement, mais il faut quand même être logique, nous ne pouvions pas demander, exiger de conserver tous nos pouvoirs d'intervention en matière de développement régional. Nous ne pouvions pas demander le pouvoir de

donner les subventions et d'adopter les politiques qui paraissent conformes au développement économique des régions, et empêcher les Américains, d'autre part, de pouvoir garder un minimum de protection vis-à-vis cette liberté quasi absolue que nous avons dans nos politiques de développement régional. Nous ne pouvions pas dire aux Américains: nous voulons tout faire ça, mais vous aurez pas le droit d'invoquer vos lois commerciales pour vous protéger. Il fallait que nous fassions un choix, et le choix que nous avons fait ça a été pour maintenir nos politiques régionales, quitte durant les cinq prochaines années à s'entendre entre nous sur des normes communes, de manière à avoir cette sécurité du marché que nous visons à obtenir. Il y a, à cet égard-là, étant donné les périodes de transition, Monsieur le Président, il y a la nécessité d'établir des programmes d'adaptation pour les travailleurs, et les entreprises qui pourraient avoir à subir l'essentiel du processus d'ajustement au nouveau régime commercial. Bien qu'il soit vrai que le marché lui-même constitue le principal mécanisme à travers lequel les entreprises s'ajustent continuellement à tout changement, les gouvernements du Canada doivent aider les travailleurs et les entreprises à s'ajuster à ces changements importants. C'est la raison pour laquelle on retrouve dans l'Accord cette période de transition, relativement longue, pour donner le temps à la plupart des secteurs de s'adapter à la nouvelle réalité. D'ailleurs des discussions ont déjà eu lieu entre les provinces et le gouvernement fédéral, pour faire en sorte que des programmes soient disponibles, lorsque nécessaires. Et, à cet égard, il est primordial pour le Québec que le gouvernement fédéral s'engage à participer au financement de ces mesures d'adaptation. Bref, Monsieur le Président, j'aurai l'occasion de revenir, soit moi, soit mes collègues, sur d'autres sujets, qui sont à l'agenda de la Conférence, la recherche et le développement, les programmes

de garderie, et les autres questions, mais pour ce qui a trait à cette option de développement économique, qui est disponible actuellement pour l'ensemble des canadiens, avec ce traité. Pour nous, du Québec, c'est un choix rationnel, pragmatique et conforme à la recherche d'un meilleur avenir économique pour l'ensemble des canadiens. Le Canada n'a pas les moyens de s'isoler davantage, dans la conjoncture actuelle. C'est pourquoi nous, du Québec, nous sommes d'accord avec les principes de ce traité.

Le Président:

Merci Monsieur le Premier ministre Bourassa. Avec l'accord des collègues, nous allons prendre une pause-café rapidement. Nous serons de retour dans quelques minutes pour commencer avec la Nouvelle-Ecosse.

The Chairman: May we begin please? Would the media please free up those hostages, please?

The Premier of Nova Scotia is about to begin.
May we begin please?

J'inviterais tout le monde à prendre place, s'il vous plaît.

Nous allons suivre l'ordre traditionnel d'ici la fin. Nous allons commencer avec le Premier ministre de la Nouvelle-Ecosse, le Premier ministre du Nouveau-Brunswick, Manitoba, la Colombie-Britannique, l'Ile-du-Prince-Edouard, la Saskatchewan, l'Alberta et Terre-Neuve. Alors, si nous sommes tous présents, je demanderais à celui qui est, je pense, le doyen maintenant des Premiers ministres.

I think the Dean of the First Ministers, such a young man to be the Dean of the Canadian First Ministers, it just occurred to me, Mr. Premier, that your new title and I welcome the distinguished Premier of Nova Scotia, the Honourable John Buchanan.

Honourable John M. Buchanan (Premier of Nova Scotia): Thank you very much, Prime Minister and my colleagues.

May I also extend a very sincere and warm welcome to Premier McKenna of our neighbouring Province of New Brunswick.

Bienvenue à la Conférence des Premiers ministre. 100,000 welcomes. And if I could say the First Ministers' Conference in Gaelic I would, but if I tried to fudge it, there's so many around this table who would understand that I did fudge it, I won't do that, but I do extend to you a very sincere welcome to these Conferences.

From one Celt to another Celt, from a Scot with Irish heritage to an Irishman, there was a time, Prime Minister, when I thought that I was 100 percent Scot but I received a brochure from the Buchanan Society of Glasgow, Scotland which indicated very clearly to me that the Buchanans originated in Ireland, not in Scotland.

The Chairman: And Mr. Donahue will make sure of that.

Mr. Buchanan: Mr. Prime Minister, I suppose I could say I am rather unique around this table in that I had the opportunity of welcoming all of you to this table over the past ten years including you, Prime Minister, and participating with three Prime Ministers in discussions around this table.

Though representing different political persuasions, different philosophies, holding opinions and philosophies which quite frankly do from time to time bring about and lead to

brisk but very meaningful discussion, we do work very well together and we have worked very well together as leaders of provinces and of this great country over the past decade and beyond that.

Our responsibilities do differ in a jurisdictional sense.

My responsibility is to the people of Nova Scotia within the fabric of Canada, as is the responsibility I would presume, of all the Premiers. Yours to represent the interests of the people of Canada from British Columbia to and including the great Province of Newfoundland and Labrador.

Mr. Prime Minister we can and we have been able to exercise and discharge our responsibilities individually and together through this very unique vehicle of the First Ministers' Conference. This makes our country unique in a federal system. And this is what has been termed the Canadian "way", it has worked, we have seen the manifestation of how it works so well in the Meech Lake Accord.

The Meech Lake Accord I believe to be the cement which brought this country together, the medicine which we were able to administer to heal a wound. So we are Canadians, and this is a triumph of federalism, this very unique Conference and other conferences that we as First Ministers have been able to put together over the last few years.

Nova Scotians have probably - I could get an argument with this - but probably appreciate this country and love this country Canada more than other Canadians because we were the first, we've had more experience than the rest of you, particularly in the West. And we were the first because Fort Royale started it all back in 1605 when Champlain landed at Fort Royale with the first Acadians who landed in this country and who were the first Europeans to form a settlement in North America.

We were leaders in the formation of this country in 1864 and in 1867 and it is our collective responsibility as leaders of this country to keep our country strong and

build on this strength.

Mr. Prime Minister, may I also extend to Premier Peterson my thanks for hosting this Conference, the delicious dinner we had last night, the rapport we shared around the table. I want to remind him that if this Conference is to be successful, I want to remind him that his first Conference was in Halifax and if you will emulate that one, sir, this one will be a success.

Mr. Prime Minister, my remarks this morning will focus on a few items. I want to discuss Nova Scotia's economic performance, the continuing need to implement new mechanisms which will result in more opportunity of employment for the people of my province.

Our Government in partnership with a very unique vehicle called voluntary planning, representing all regions and sectors of the economy, is working continuously to identify opportunity for economic growth. As a result of this process, issues identified which are of serious concern to Nova Scotia are the ones that we will be discussing at this Conference.

Regional development, federal procurement policy, science and technology, women's issues and free trade. Their particular focus is on the necessity to be more responsive to global change. Our government has commenced a most expensive strategic planning initiative ever undertaken in our province. The first phase of this strategic planning has two primary objectives.

To initiate a strategic analysis of the present programs of government and two, to make action plans and recommendations for the future direction and implementation of that analysis.

Phase 1 of the process confirmed the need for structural renewal in government. So this week I announced that we have begun to implement a massive restructuring of government departments. This restructuring has affected 11 government departments and eliminated three.

To better respond to the changing needs of Nova Scotia's economy and society we now have the Department of Industry, Trade & Technology. We will be discussing certainly science and technology here. We will be discussing trade.

The Department of Small Business Development, the Advisory Council on Applied Science & Technology, the New Business Capital Corporation, Nova Scotia Stock Saving Plan, Small Business Service Centres, the Department of Advanced Education and Job Training, the Department of Transportation and Communication, the Department of Tourism & Culture, the Department of Health and Fitness and the Department of Community Services. And other measures which we will be taking over the next number of months.

Mr. Prime Minister, the fastest growing sector of our economy is small business which now accounts for 41% of all employment in Nova Scotia. It's interesting to note that the fastest growing sector of small business is small business owned by women. In 1986 there were 12,000 self-employed women in Nova Scotia.

So government is determined to provide increased emphasis on working with and building the small business sector to enhance economic growth in Nova Scotia, hence the new Department of Small Business Development.

The Nova Scotia economy is so far relatively buoyant in this year of 1987. Approximately 3% R.D.P. growth,

2.6% growth in employment, 1.8% increase in the labour force. Unemployment in Nova Scotia has sharply declined in 1987 and even though high in terms of the national average, we have been able to reduce it to 12.8%, the lowest it has been since 1981.

Natural resource development continues to be the foundation of our economy. We are experiencing the emergence of industries in the field of high technology. More than 10,000 Nova Scotians are working in engineering and scientific research and we have 125-plus companies currently involved in the computer industry.

Nova Scotia has the most advanced computer automated manufacturing training facility in North America. This is the Automated Manufacturing Training Centre at the Nova Scotia Institute of Technology in Halifax, developed by the Government of Nova Scotia in partnership with the Government of Canada and Pratt & Whitney Canada Ltd.

Pratt & Whitney is now in production and will employ 300 people within two years and increase employment as markets expand.

Construction of the Litton Atlantic plant is progressing well and this facility will employ 400 people when it reaches operating capacity in 1991. And both of these plants, both high technology computerized plants, will create more than 1,500 direct and indirect long-term good-paying high tech jobs.

1987 has been a very strong year for the fishing industry, fish processing, pulp and paper and tire production. Capital investment and construction activity maintained their momentum in 1987. Based on Stats Canada mid-year survey of investment intentions construction expenditure is

projected at about 2.2 billion dollars, up 7% over 1986.

In addition to Pratt & Whitney and Litton, a wave of plant modernization is sweeping through long-established industries. This wave affects fish processing, pulp and paper, textiles, automobile assembly and oil refining. These modernization initiatives are important in maintaining and improving our competitiveness.

Nova Scotia tourism has experienced an excellent year in 1987, current projections indicate the 1987 tourist year will be the best year in a decade. Within three to four years tourism will inject over one billion dollars into the economy of Nova Scotia.

The overall economic performance in 1987 will not be greatly affected by the stock market situation. Indications are that in 1988 other factors will have a more important effect on our economic performance. Some consumers will more vigorously control their spending but we hope the planned reduction in personal income taxes, sir, will counteract the specific problems experienced by that 20 per cent of the adult population with investments in equity.

More important to our economic performance in 1988 will be factors like interest rate movements. It is also important to remember the North American business cycle upswing was well advanced and the general outlook has already been for further moderation in economic growth for 1988.

There are, however, some issues in the policy environment that could impact heavily on Nova Scotia's economic performance in 1988 and beyond. These include regional development policy and free trade.

Mr. Prime Minister, a word or two on Free Trade. First, I want to make it very, very clear, as I have in the past, that I firmly do believe in Free Trade, expanded trade for Nova Scotia. It would be ridiculous for me as the Premier of Nova Scotia to sit here and say that I am not in favour of expanded free trade for our province, because over 75 per cent of everything that we produce, assemble, or process is exported to the United States of America, primarily to the north-east. Fish, wood products, automobiles, automobile parts, electronics make up most of these exports. In all, \$2.3 billion are exported from Nova Scotia yearly, in the year 1987, of which approximately 1.7 billion goes to the United States of America to the north-east states. And that's increasing every year and will continue to increase as we get into such sophisticated fields, Premier Bourassa, has exports of electricity and Premier McKenna.

Mr. Prime Minister, federal-provincial regional development programs over the years have greatly assisted Nova Scotia to achieve these exports, and therefore, helped to slowly but surely begin closing the economic gap which exists in this country.

Nova Scotia is a province with a small but very rich resource base. A diversified manufacturing sector primarily related to small business and small industries. Most of these industries, most of these small businesses are becoming more involved in what is called the Information Society. Most are converting slowly into new computerized, high technology equipment, but still lagging behind the United States in many sectors. And therefore, we need to adjust in order to compete in most of these small industries and small businesses.

Therefore 1 regional development must remain in place. All of our programs, federal and provincial, must not be reduced or diminished.

Mr. Prime Minister, there are conflicting signals unfortunately which must be clarified to ease our concerns with respect to regional development and those programs which have been most helpful in assisting Nova Scotia industry and resources. Because even though trade is vital to the economy of Nova Scotia, making up \$1.7 billion just to the United States, but without continuing regional development programs that we've had in the past and now will have in the future, which probably will be even better than the ones in the past, our ability to export those products would be diminished if there was a reduction in those regional development programs.

In other words, we do export, we do produce, we do assemble, but without regional development programs over the next number of years, our ability will be diminished.

And so those conflicting signals about regional development, the context of the Free Trade Agreement must be clarified.

Number 2. Industries which at present cannot compete because of the fact that we have not been able to move as quickly as they have in the United States in methods of production and computerization and technology, need that long adjustment period of the ten-year phase period, but also will require a financial adjustment package in order to gear up to meet that United States competition.

Your comments this morning re the Advisory Council, in our opinion must be more specific in terms of

a financial adjustment package for those industries and the workers in those industries which may not be able to compete after Free Trade is implemented.

So, Prime Minister, those are the concerns and my responsibility to the people of Nova Scotia, which must come first, again I say, we believe in trade, we believe in expanded Free Trade, but we do have those concerns because without regional development programs, without the financial adjustment package, then our industries such as textiles and others, would be in very serious difficulties.

May I say a few words on the subject of women and the economy.

The Nova Scotia Government is working with women to achieve the goal of economic equality. The government is moving forward in a number of areas including expanding the voice of women in Nova Scotia, by strengthening the Nova Scotia Advisory Council on the status of women, and increasing the resources it has available for its use.

We are continuing to plan a responsive educational training system through our new Community College programs, among others, which will encourage women to participate fully in Nova Scotia society. We are establishing programs and support mechanisms to encourage more women to establish new businesses and for the expansion of existing businesses.

Nova Scotia has just hosted a very unique conference and I had the privilege of opening the conference for young women to encourage broader career options, a first in Nova Scotia. It was called "Planning Today for Tomorrow for Young Women".

I'm also very pleased to advise that Nova Scotia will be hosting in May of 1988, the First National Meeting of Industry and Government Officials to focus on female entrepreneurship. The meeting will focus on the current and future role of women as business owners in Canada and will make policy recommendations which will be available for individual jurisdictions to study and implement.

We think this conference will serve to recognize the important contribution which women are already making to the economic life of this nation, and will focus the attention of women on considering "the entrepreneurial option", running their own business rather than working for someone else.

Mr. Prime Minister, those are the comments that I have, my opening remarks. Throughout this conference, I will be discussing regional development policies, federal procurement policies, and science and technology.

The Chairman: Thank you, Mr. Buchanan.

Just before moving on to Premier McKenna, may I just say paranthetically because it may arise again. We made a commitment to Canadians upon entering the Free Trade negotiations that our right in our capacity to combat regional disparities would not be at issue.

The Federal and Provincial governments are as free to assist and promote regional development under the trade negotiations as before we began the negotiations.

None of the governments programs or funding instruments is affected in any way including the Atlantic Canada Opportunities Agency that I had the privilege of establishing in St. John's, committing in excess of \$1 billion of new money to Atlantic Canada precisely for the questions of regional development.

We're free to provide fiscal equalization payments, to transfer tax points, to make payments under the EPF, finance the Canada Assistance Plan, to do any and all the things that we did before in terms of regional development.

If there is any specific concern that may - I just mention to my friend, Premier Buchanan, I would be happy to meet with him and relay that and deal with it, but I want to give him and colleagues, particularly from Atlantic Canada, Western Canada and the Western Canada Diversification Initiative another billion dollars in brand new money that was committed to diversify the economy of Western Canada. I just want to give Premier Buchanan the formal assurance on behalf of the Government of Canada that nothing there diminishes in any way the right of the Government of Canada to continue the kinds of programs that we have used as instruments of regional development.

Mr. Buchanan: It may be improper for me to just

make one further point. I am glad you did clarify it because I mentioned it in my remarks because there have been conflicting reports and signals. One of the primary ones was from a senior official in Ottawa who indicated very clearly before a committee in Ottawa that present and past regional development programs would not be permitted under the Free Trade Agreement and he cited certain examples that did give us concern.

The Chairman: Well, John, you can quote me as a senior official from Ottawa.

Mr. Buchanan: Well done.

The Chairman: Premier McKenna.

The Honourable Frank McKenna (Premier of New Brunswick): Thank you, Prime Minister and Premier Buchanan, thank you for the warm welcome that you gave me.

I should point out that we in New Brunswick are well aware, very well aware of the contribution of Nova Scotia to Confederation and exactly how early your ancestors came here because our ancestors were here waiting to meet them when they came over.

I want to thank you, Premier Peterson, and the people of Ontario for the very warm reception that you've accorded us. And I must say a very special word to all of my colleagues, my first time colleagues and their staffs and the people that have accompanied them. The reception has been well appreciated by our delegation.

I also want to say to you, Prime Minister, how very proud I am to be sitting at this table.

It's always a pleasure, Premier Peterson to return to this province and to the great City of Toronto, which has traditionally drawn Canadians together in many different ways. Like so many Maritimers, I was one of those who went down the

road and did my apprenticeship in Ontario and in Toronto in particular. And like so many Maritimers, I returned home, and I believe I can speak for literally thousands who would say that we are richer as Canadians, all of us, for having had that experience. We've appreciated it.

Il s'agit de ma première visite ici en tant que Premier ministre du Nouveau-Brunswick. Cependant, comme c'est le cas de nombreux autres Canadiens, j'ai vécu et travaillé en Ontario et j'ai appris à admirer la vitalité qui caractérise cette région.

Dans ces remarques d'ouverture, je voudrais aussi faire hommage à mon prédécesseur Richard Hatfield qui a assisté à cette Conférence 17 ans, plus souvent que tout autre Premier ministre d'une autre province mais surtout qui a tant fait pour nous aider à mieux comprendre ce qui fait tourner ce pays.

I also wish to express to Premier Getty, and to the people of Alberta, the anticipation that New Brunswickers are feeling as the Olympic Torch moves through our province at this particular moment in time. At this very moment the Olympic Torch is near the Village of Port Elgin, it's on its way to Calgary. All Canadians share in the excitement and look forward with you to this event. We're proud with you, Premier Getty, and we wish you well.

I know, Monsieur le Président, that Free Trade is very much in the minds of Canadians and the First Ministers and I want to touch on that briefly.

Although I've not been privy to the countless meetings and briefing sessions that you've had on the subject of Free Trade, I can tell you that the new government of New Brunswick is fully aware of its enormous ramifications, its perils and its potentials.

We are exploring the proposed agreement from every dimension for its impact on New Brunswick and on Canada. A clear statement of our position will be forthcoming when that analysis is complete.

In the meantime, I can tell you that from talking to Canadians, I sense that they feel a great deal of uncertainty and frustration, if you like, and certainly some confusion. It's a complex subject. I would say that whatever position we speak from commonsense suggests that we be restrained and non-inflammatory in our rhetoric.

Canadians are grappling with this subject which deeply touches their very lives and thoughtful leadership is required.

This is the first of a number of meetings of this nature that I will be attending on behalf of the Province of

New Brunswick, and I believe that's it is useful at this First meeting to define the role that I perceive our province should play at these conferences.

Canada is a Federal State with responsibility constitutionally divided between the central Government and its ten Provinces. This clearly does not mean, however, that a meeting of First Ministers such as this is the equivalent of a meeting of the General Assembly of the United Nations.

I will fight forcefully for the rights of New Brunswickers and for the constitutionally-defined rights of other Provinces, but within -- always within the context of a strong national government which I believe is essential. This country was founded on the basis of counterbalancing forces and this state of dynamic tension has served Canada well throughout its history.

Canada must have a strong national government. It is only through a strong national government that all Canadians can enjoy equally the benefits of our country.

It is self-evident to us in New Brunswick that now, more than ever, we must have strong national leadership which can only be achieved through a high degree of cooperation between Federal and Provincial Governments.

Nous nous réunissons aujourd'hui pour essayer d'améliorer la situation de notre économie. La création d'emploi est ce qui nous préoccupe le plus au Nouveau-Brunswick. Aucun autre problème n'exige autant d'impartialité et de collaboration au sein de notre pays.

Notre économie nationale doit faire concurrence à des économies à expansion rapide, alimentée par une main-d'oeuvre bon marché et par des investissements dans des nouvelles technologies.

La nature décentralisée, les diversités du Canada qui ont traditionnellement été sa principale force, menacent maintenant notre existence en tant que nation. Nous devons avoir les moyens en tant que pays de relever des nouveaux défis. Au Nouveau-Brunswick, nous savons que la volonté nationale doit être forte et qu'elle doit reposer sur la collaboration entre des partenaires qui composent notre nation.

Virtually every area of our economy demands this concentration of national energy. For example, we need a strong national will to foster equality of opportunity in regional economic growth and although I will be dealing with this issue in more detail tomorrow, let me underline that there is a strong popular will amongst Canadians throughout this country to see the Federal Government work towards reducing regional disparity.

Canadians want and believe that the Government of Canada should work with Provincial Governments to meet the specific needs of each region.

Canadians believe that the Central Government should respect the regional diversity of this country, but more than that, they believe the Government of Canada has a crucial role to play in this exercise.

Economic regional development agreements, ERDA's as we've called them, have provided the basis for close federal-provincial cooperation.

We support the continuation of this approach and we look forward to the negotiation of successor Agreements. It's critical, it's vital to our sustained recovery.

When the creation of the Atlantic Canada Opportunities Agency was announced, we applauded, and we stand ready to work with the Agency and I want to have this chance personally, Prime Minister, to extend to you our appreciation for your vision on this important subject.

Having only been in office a period of one month, I still have some appreciation of how difficult it must be to bring a vision from the state of vision to reality. And I know the task must have been formidable and we applaud you for your effort and perserverance.

We appreciate, as well, the need for a Western and a Northern Ontario agency. Those needs are manifest.

We must realize, however, that if Canada were only a loose coalition of ten jurisdictions, we would not have the instruments to continue to build a civilized caring society.

Another example where a strong national will must be present is with respect to a national youth strategy, an issue which I believe is so important that it should constitute a separate agenda item for the next First Ministers' Conference.

We, in New Brunswick, support such a national strategy provided that duplication of Provincial effort be avoided and that a program be adapted to the particular social and economic conditions of the various Provinces.

And I must say again that I applaud the fact that you were able to produce today's statistics which reveal in a very significant way the improvements that have been made with respect to youth unemployment. I have no quarrel with the statistics, they're accurate.

Unfortunately, in New Brunswick, our unemployment rate for those in that 15 to 24 age group is close to 20 percent; one in five. It's most regrettable.

In 1984, the unemployment rate for the same group in Sweden was 6.6 percent, but in that country that figure was considered so high that it adopted a highly successful youth guarantee to insure that any Swede under the age of 20 was either entitled to a place in a vocational training program, a special youth job, or enrollment in full-time secondary education.

The principle of full employment for youth represents, to me, an exciting and progressive policy area that should be given strong national and provincial support. We must kindle the initiative, the energy, the creativity, the entrepreneurship of our young people. Without our youth, we cannot expect to participate in a highly-competitive economic world, nor can we

have on a consistent basis a labour force that's well-trained, highly-motivated and disciplined.

And I should say that with respect to youth, our concerns must extend beyond the economic, the very real economic potentials that can be identified. It's more than just a matter of an economy growing; it's a matter of ensuring that the pride and the self-esteem and a self-respect that young people feel when they have a full-time job can be established.

It's a question in a very real way of not only addressing the physical needs of our nation and of our young people, but also a higher need that they have.

Just as a full employment strategy for youth will not be achieved by provincial effort alone, neither will improvements in major services such as health care and education.

In Atlantic Canada, we are painfully aware of the fact that our university expenditures are dramatically higher as a percentage of G.D.P., than in other regions of Canada. Given this and the fact that the information society and knowledge-based economy demands higher standards of post-secondary education, we're concerned with the decision of the Federal Government to cap its contribution to post-secondary education under E.P.F. And we also regret the reduction in the Federal contribution for training seats in institutions in New Brunswick. We urge that these decisions be reversed and suggest the introduction of an equalization factor in future higher education financial arrangements.

I guess what I'm really trying to say here is that we believe that we understand what the modern economy and the economies of the future will demand from us in terms of services, higher education, better training, better access

to information. But as much as we understand that, we simply do not have the resources to marshall.

We recognize what needs to be done but we do need your help in trying to achieve that objective.

A similar situation prevails with respect to health. National data clearly shows that a consistently higher percentage of G.D.P. is devoted to health care in less wealthy provinces, the very provinces which are operating from a smaller resource base. I believe that a national will must be developed to address this critical area.

Equalization helps redress these imbalances, but even with recent improvements, only goes part way in allowing recipient provinces to offer a standard of service equivalent to that enjoyed in the rest of Canada.

These measures, measures that I've talked about before, resulted in a cumulative reduction from 1982 to the present of approximately \$8.5 billion, and that's a lot of money. It's also created anomalies. For example, measures that we've taken in the province to identify alternatives to expensive health care such as the extramural hospital program, have resulted in New Brunswick being penalized because such innovative new approaches are not eligible for Federal cost sharing.

The failure to make changes in the cost sharing formula to respond to new methods of delivering health care in a more effective manner can only lead to an increasing burden for the provinces. We will do our part, but the situation must not be allowed to continue where a province can actually be penalized for delivery of services in a more cost-efficient manner.

C'est avec beaucoup d'impatience que j'attends de connaître les détails du programme national sur la garde des enfants et je veux encore féliciter le Premier ministre pour cette initiative.

Parmi toutes les provinces, le Nouveau-Brunswick a le malheureux honneur d'être l'avant-dernier si l'on tient compte des dépenses par habitants en ce qui a trait à la garde des enfants. Malheureusement, cela reflète simplement de notre situation financière. Cependant, je peux vous affirmer, monsieur le Premier ministre, qu'il existe une demande d'un soutien vigoureux pour les services de garde des enfants au sein de notre province.

Nous croyons fermement que la participation totale des femmes à l'économie ne peut se faire que s'il existe un programme national sur la garde des enfants qui soit universellement disponible et qui repose sur les principes d'accès, de qualité et d'équité.

Il s'agit d'un autre exemple où une volonté nationale ferme permettrait de répondre à un besoin national qui se fait jour.

Finally, I noted with interest the call last year by Premier Peterson of Ontario for greater dedication of resources to science and technology in Canada. Interestingly, this plea emanates from a province with the highest expenditure per capita on R and D in Canada, and that indicates to me that because there is such a large volume of R and D in Ontario, that this province, perhaps more than any others, is acutely aware of the benefits that accrue from those expenditures.

We, in New Brunswick, like our Atlantic neighbours, are at the lower end of the R and D scale. It's the feeling of the Province of New Brunswick that greater dedication of resources in this area is required, not only to make Canada competitive within the world economy, but to make the regions of Canada competitive within the national framework. It is only through the vehicle of a strong national will that such resources will be dedicated and that such programs will be established.

New Brunswickers want to share in that national effort. Our future depends on it. Meeting this challenge will require a mobilization of the national will and a high degree of cooperation and unity among all levels of government. I believe that we have that resolve.

Thank you.

The Chairman: Thank you, Premier McKenna, and thank you for -- congratulations, if I may say so -- for a very impressive debut at the First Ministers' Conference, and again on behalf of all of your colleagues, we extend the warmest of welcomes.

May I turn to my good friend, the Premier of Manitoba. Premier Pawley .

Hon Howard Pawley (Premier of Manitoba): Mr. Prime Minister, I want to join you and our other colleagues this morning in thanking Premier Peterson and the people of the Province of Ontario for their splendid hospitality, and for their assistance certainly to our delegation, as I'm sure to all other delegations.

I want to also join you, Mr. Prime Minister, in congratulating Premier McKenna on his fine victory. I only wish I could emulate that in the Province of Manitoba.

Also, I want to just mention for the benefit of colleagues around this table that my Attorney General advises me that we do have Moosehead in the Province of Manitoba.

Last year at our annual conference in Vancouver, much of our discussions centered on the issue of fairness; fairness to regions, fairness to provinces, and fairness to individual Canadians. We discussed regional economic developments, procurement, tax reform, economic equality for women, child-care, our national health care system, and the unique set of fiscal arrangements that binds our Confederation together. Many of those same issues are still on the agenda.

Generally, I believe, Mr. Prime Minister, our discussions in Vancouver were constructive. I think they took us all some distance towards a better understanding of the aspirations of each and every one of us around this table. Underlying those discussions was a simple premise that they could lead to some concrete action, perhaps not immediate action, perhaps not enough action, but some action nevertheless in the national interest and consistent with Canadian priorities.

The Canadian nation is confronted with a profound and a potentially irreversible choice about our future. It may

be the most important choice in the history of this country.
It is certainly the most important in my lifetime.

That choice goes well beyond the issue of
tariffs and trade; it goes well beyond economics. The choice
goes to the heart of what Canada is all about.

It is a choice about our heritage and whether or not Canadians now want to deny the values of the generations who came before us and who built and defended our country over the past two centuries. To build the Canadian nation as we know it today we've had to work together far more, to pool our talents, our resources, to build the links between our communities, to provide security for our people, and to create the jobs which have marked the growth of Canada.

By pursuing a different course we have been able to reject some of the excesses suffered by our neighbours, and we've been able to create a gentler society in which the sense of community, the sense of shared responsibility has given Canadians a way of life that, Mr. Prime Minister, I would trade for no other.

And let's talk about some of the specifics. Here in Canada we have a national health care system, Medicare, that is second to none in the world. It is the envy of many Americans who would like to emulate it but who have little hope of doing so because of the strengths of special interest groups in that country. Here in Canada every Canadian is assured of access to quality health services, regardless of income. That is not true in many other countries of the world, it is not true in the United States.

Like Premier McKenna, Mr. Prime Minister, these services are under increasing risk perhaps not directly but through reductions in federal support from prior to your time as Prime Minister, from one point 50 per cent sharing at the beginning of this decade to 42 per cent today.

Canada's public pension system, our national system of income support, social services for people who require them, both are quite different and I would argue better than the U.S. counterparts.

The economic disparities in the United States between rich and poor individuals, between rich and poor regions are much more apparent than in Canada. And in some ways, much more harsh. That is a result in part of their own political system and in part of the philosophy that the so-called market forces ought to take precedence over other values such as sharing, co-operation, which I believe are the principles by which all Canadians have chosen to follow in establishing many of our public policies and programs.

Unlike the United States, in Canada we have a national equalization system to assure comparable levels of essential public services right across Canada. In Canada we have also joined together to build national links, transportation, communications, which have united our country and assured at least a minimal service to many areas that could never have achieved it.

The so-called market forces and competition, if they had been the primary guideposts for our policies, I believe we as Canadians would not have achieved those links.

In Canada we've been able to talk about fairness and to do something about it. And that may be our most important characteristic as Canadians. In recent years, as you have pointed out, Prime Minister, the Canadian economy has performed relatively well. We have much unfinished business, some short term, some of it longer term.

Yes, Mr. Minister, I welcome the information that you gave in your opening remarks that there are a million more Canadians employed today than there were three years ago. But there are still a million without jobs today and that is no more defensible now than it was some six years ago when the threshold of one million unemployed was first exceeded in this country.

Over 40 years ago, the end of the Second World War, the courageous and far-sighted Canadian Federal Government established full employment as a national goal for Canada. There is no reason why that goal should not continue to be the number one economic priority.

Earlier governments also talked about the cruelty of poverty, the tragic cycle, that marks it for so many Canadians. The income distribution statistics have improved a little over the years but not enough. And the current plans for tax reform won't make much change. One in six Canadians, including over one million children still live in poverty.

Undoing those basic inequities must also be at the top of our national agenda. Correcting fundamental inequities for Canadian women must also be a first level priority.

And the same must apply for Aboriginal Canadians. Ending regional disparities is equally crucially important.

We now have constitutional provisions concerning the reduction of regional disparity, but those constitutional obligations aren't being fulfilled adequately. So that I am pleased that this last August in Saint John, the ten Premiers were able to come together and to call for those constitutional provisions to be dealt with as part of our second round of constitutional discussions.

I would like to see Canada rededicate itself to the kind of long term agenda that would make full employment. The elimination of poverty, the end of regional disparity, the explicit goals of our national economic and social policies.

Some will say that those goals are unrealistic. Certainly they are lofty goals. They are long term goals, some very long term. I think they are consistent with what Canadians believe in, what we want for our future and for those of our children.

Governments could, right now, start setting policy targets aimed at getting our economy onto a track designed to lead us there.

Having said that I think what we should be doing, let me turn now to a critique of what we are doing, Mr. Prime Minister: Entering into an economic treaty with the United States.

I speak of an economic treaty rather than a trade treaty because the agreement initialled in early October goes beyond trade matters, and that is why I oppose it.

Let me emphasize this point. My government and I have repeatedly expressed our support for multilateral and bilateral trade liberalization. We supported Prime Minister, your government's attempt to negotiate a trade agreement with the United States. And we were fully prepared to support a trade agreement which would eliminate most tariff and non-tariff barriers, except in a few sensitive sectors in agriculture.

Two, severely limited the harassment of Canadian exporters under U.S. trade remedy laws;

Three, did not have an adverse effect on sovereignty, culture and social policies;

And four, was supported by a positive adjustment strategy.

To my regret, the Trade Deal being proposed is not one which in my view meets those objections.

For the most part, we support the tariff reductions in the agreement, with some minor exceptions.

We can also support the attempt to ensure that standards applied for health, for safety, for environmental or other good reasons are not used as trade barriers.

The most obvious failing of the Agreement is that it does not achieve Canada's number one negotiating objective - secure access, which means an end to harassment of our softwood, our potash, our steel, our hog producers under U.S. trade remedy law.

The major problem in this area is that the agreement does not define what is an acceptable subsidy, or what constitutes dumping. This means that the Americans can continue to use their definitions, which are biased against Canadian exporters, and will remain free to apply their countervail, their anti-dumping laws.

Sure, the parties have agreed to negotiate new

rules over the next five to seven years, but we have given up our bargaining chips. To my mind there is no chance of getting an agreed set of rules better in Canada's interests. We, as Manitobans, are not prepared to buy a pig in a poke.

The binational panels that are to resolve disputes about countervailing duty and anti-dumping cases will only have power to ensure that U.S. actions against Canada are taken in accordance with U.S. law and precedent.

Our understanding is that a panel will review only evidence already taken during previous American proceedings in a case, and will be precluded from taking a fresh look at the issues. Consequently, trade disputes will not be reviewed and settled on the ground of inherent fairness - fairness based upon rules jointly negotiated and agreed to by both sides.

Consequently, there is good reason to believe that not one of the recent countervailing or anti-dumping actions against Canada, not even softwood lumber, would have turned out any differently if this agreement had been in place.

Futhermore, the Agreement contains no adequate assurance that Canada will be protected in future from further damaging trade measures such as those contained in the comprehensive trade bill currently before the U.S. Congress.

Not only does the Agreement give us less than we were led to believe we could get, I believe it gives more than what was expected.

It's almost as if the Edmonton Eskimos had to play football against the Chicago Bears - with Edmonton getting three downs, under Canadian rules, and Chicago getting four downs under their rules.

The Chairman: Edmonton would still win.

Mr. Pawley: I'm not sure, if it was the Bombers,

we might, if we could have got past Toronto.

The Chairman: Did you see what happened last weekend, Howard.

Mr. Pawley: That was a fluke.

Mr. Chairman: That's not what Jim McMahon said about you.

Mr. Pawley: Let's look at investments. Why on earth should we be agreeing not to review any but the largest foreign takeovers as part of a trade agreement?

In Manitoba, only about six of the largest companies - six out of tens of thousands - would be subject to what remains of Canada's review procedures, once the threshold goes up from \$5 million to \$150 million.

Personally, I think that the right of a nation to control, when it wishes, the takeover of its companies by foreign firms, is an important ingredient of sovereignty that has nothing to do with favouring or opposing foreign investment.

To make matters worse, the deal is one-sided in this area, while Canada agrees to raise its threshold for reviewing foreign takeovers, all U.S. restrictions on foreign investments remain in place.

It is worth reading a document called "Barriers to Foreign Direct Investment in the United States". It was prepared by Ambassador Reismann's staff, and it makes plain that the United States has as many or more restrictions on foreign investors as Canada.

I reject a deal that ties the hands of future Canadian governments for the life of this agreement. There is no question that a Federal government has the right to change its foreign investment policy in any way it sees fit. But if Canadians decide five or ten years from now that they want a return to foreign investment review, they won't be able to elect a government that can do something about it because future

government won't have the same freedom to legislate what this government has.

A famous former Premier of the Province of Saskatchewan, well known to Premier Devine, used to tell a story which illustrates concerns of the type that Canadians have about this aspect of the trade deal.

This friendly Canadian family invited their American neighbours over for a visit. The neighbours were sociable. They visited frequently. Soon, the neighbours became so comfortable that they moved some of their furniture in. Of course, Canadians being neighbourly, had to move their furniture into the garage. Inevitably, the Canadians got squeezed right out of their own house. The neighbours were in sole possession, were quite comfortable, but the garage wasn't home.

And what about the energy component of the Agreement? I know that there are those in the West who support this part of the deal because it will prevent us from having a future national energy policy that is anything like the national energy program of the last Federal Government. As a Westerner I know well how unfair federal policy can be. But I don't like the idea of trying to solve this kind of future problem through international treaties that are binding upon future governments.

Prime Minister, I know that you will respond to what I have said by saying, Premier, you will say, Manitoba sells a lot of hydroelectricity to the United States. And you want to sell more. The Coal Lobby in the United States is trying to block your exports. How can you oppose a deal that guarantees your right to export energy to the United States?

In response, I would like to make the following points:

First, I will not pay more for something than it is worth. An Agreement which stops the Coal Lobby would be

desirable, but not at the price of closing off the energy policy option of future governments.

Secondly, there is nothing in the Agreement to stop U.S. trade remedy law from being brought to bear on our hydro exports. For example, there has been attempts recently in Congress to pass a law which would effectively block or limit imports of electricity from Canada if the United States decided that our environment regulations weren't strong enough.

There's nothing in this Agreement to stop that sort of thing, so I don't really see that we are any further ahead.

As Manitobans, as Canadians, we are proud to share our energy resources with other Canadians and we're not prepared to jeopardize our supply in the future.

We, in Manitoba, have never objected to the hydro export being reviewed to ensure that potential exports are in the national interests -- to ensure that this energy is not required in Canada before we sell it to the United States.

Dispute settlement, investment and energy; these are what I see as major failings of this Agreement.

I have concern about another component, as well. Agriculture is touted as one of the big winners under this Agreement, particularly for Manitoba and for the rest of the Prairies. But will farmers really be better off? Beef farmers, maybe, with the changes to the meat import law, although they will still be subject to potential countervailing duties.

I don't see that hog farmers will be better off, since they weren't subject to the meat import quotas, and the deal does not remove the countervailing duty on hogs.

Furthermore, when the Omnibus Trade Bill finally passes, it seems that the countervailing duty may be extended to cover pork, as well as hogs.

Vegetable, fruit growers are certainly not going to benefit because we're eliminating seasonal tariffs. This deal virtually eliminates all possibility of any expansion of this industry in our Province where we're attempting to diversify our agriculture more and more into those areas.

Will grain growers benefit? I think not. The deal does nothing to stop Americans from poaching on our Overseas market with their heavily-subsidized grain export.

But in spite of the standstill provision of the Agreement, United States has continued to raid our export markets for grain since the deal was signed. Clearly, this part of the deal has not been effective.

Grain growers will also find that they are losing the Western Grain Transportation Act subsidy on grain products going to the United States through Western ports.

This, in itself, wouldn't be so bad except that subsidy disappears immediately. While the high U.S. tariffs on some of those products will only disappear over a ten-year period. This will clearly hurt some grain farmers and milling companies in the Province of Manitoba.

How about poultry and egg producers? Would they benefit? Clearly not! Increased demand from further processors of those products will now be met through increased quotas on U.S. imports. As in the case of fruit and vegetable growers, the best case scenario is that poultry and egg producers will stay where they are. This deal takes away from the fastest growing segment of our agricultural industry.

In short, beef producers are the only farmers who stand to gain anything in this deal, and even they don't gain

much. Other farmers either gain nothing or can actually lose. Last week, I toured rural Manitoba. Many farmers expressed their concerns to me. And they want much more information in respect to the whole agricultural sector.

I believe farmers should be concerned because the Canadian Manufacturers Association brief on the Agreement to the Committee of Parliament, stated and I quote:

"The food processing sector will require modification in domestic agricultural policies to ensure manufacturers are not squeezed by circumstances beyond their control."

In far too many instances, we still have no real idea how this deal will affect other areas, either. The implications for culture, the services sector, transportation, Crown corporations are just a few examples.

It is essential to see how the final text deals with these areas.

I will not argue with those who claim that consumers will benefit from this Agreement. On the contrary, I made it clear that we support tariff reduction. I had made it clear that we support the elimination of Canadian tariffs on American-made goods and that will reduce the price of some goods for consumers.

However, in attempting to promote this Agreement, I believe some have exaggerated the benefits that will actually be captured by the average Canadian consumer.

Once this Agreement is fully in effect around the turn of the Century, the average consumer could expect to see savings of about \$200 per year. The tariffs are being gradually eliminated over ten years. Each consumer will achieve those savings at a rate of about 50 cents a week; not enough for a small Coke at McDonald's.

Mr. Prime Minister, I believe this is not a good Agreement. My advice and counsel has been not to sign it. I do not believe that there is a clear consensus by any means of this

I believe it is not a question of region against region, or province against province. I believe there is a difference of view in every province and every region in this country.

I believe you have a responsibility, Mr. Prime Minister, to act on a fundamental issue such as this one only if you have a strong consensus from the Canadian people in favour of this agreement - not a partial one, not one that is built on regional alienation.

When I say "don't sign" however, I'm not saying "give up on negotiations".

By all means go back to the table. Take advantage of the delay in the Omnibus Trade Bill and the improved understanding in the United States for their trading relationship with Canada. Work out a better deal for Canada.

I believe there is no downside, slowing down, making sure we know what we're getting into. At the same time I think we can put much more emphasis on international negotiations and I believe we around this table today as First Ministers, should commit ourselves because there's not one of us that is not without some fault in this respect--- I think we should clean up our own inter-provincial trade barriers.

And I think we should agree here to schedule our First Ministers' meeting immediately and quickly, to get moving on this issue.

Recently there's been a great deal of talk about courage, we've heard some people say that those who oppose tying our country's destiny to the United States star are

weaklings and are cowards. They are said not to have vision. They are said not to have confidence in Canada's future. But what is 'courageous' about giving in to protectionist threats? What is 'visionary' about giving up on Canada's dream of an independent future? What is weak about standing up for what you believe in? I believe that is an act of maturity, honour.

I do not want Canada's ability to exercise independent political choices constrained any further than it is today by an agreement that could see Canada lose control over its economy, over its opportunity to exercise its own economic and social destiny.

I believe that self-determination, self-respect go hand-in-hand and that ultimately determines a nation's commitment to its future.

Mr. Prime Minister, we have already discussed besides trade a great deal of unfinished business from previous meetings on our agenda. Agriculture, which we'll be given an opportunity to deal with later. Regional economic development, day care, health care, higher education and training.

Much of this unfinished business deals with short and medium term goals - not the long term goals I discussed earlier but even these kind of goals could be jeopardized if we tie our economy too closely to that of the United States.

The more we surrender control of our economy, the more we give the U.S. the right to make decisions about Canadian jobs, Canadian production, and so forth, the more we jeopardize our ability to set our own policies - not only

economic policies but fiscal policies and social policies.

I know there's legitimate disagreement on this point, Mr. Prime Minister, and I respect those that have a different point of view. But I believe that economic control equals political control and that is the issue in the proposed trade agreement. Let us maintain control of our destiny. Let us give to our children the choice to be proud independent Canadians - determining themselves where they live, where they go to school, where they work and where they live out their lives.

It is said that this debate is about the heart and soul of Canada. I believe we must work together co-operatively regardless of party stripe to improve and strengthen the heart and soul of this country.

I have no doubt others sincerely believe the Agreement is the right way to go. I think they are wrong, and that if Canada signs this Agreement on January 2nd, I believe it will be a tragic mistake.

Thank you, Mr. Prime Minister.

THE CHAIRMAN: Just as I move to the Premier-- I just want to say, as my friend, Premier Pawley points out, and I think I'm quoting that there's an obligation to move when a consensus develops.

As Prime Minister, my obligation is to provide national leadership whether it's popular or not. I'm going to act when I believe it's right and not necessarily when a consensus emerges; that's Canada by Committee. I don't agree with that. I'm going to do what I think is right for the country. I'm going to provide the kind of leadership that I believe is right. I'm going to seek consensus where possible, and I'm going to lead and accept the consequences of the people when they pass a verdict upon me.

But I reject formally the view of the emergence of any kind of Canada by Committee that is inconsistent with my responsibilities to speak for the entire nation and I plan to exercise those responsibilities fully and fairly.

But I thank Premier Pawley for his point of view. I have just -- as a result of your intervention, put you in the undecided column.

MR. PAWLEY: You're making a mistake. Mr. Prime Minister, I want to just comment very, very briefly that I travelled throughout my province last week and spoke to many, many people in all parts of the province. What they're saying to me is, "I'm not sure". I believe that's not just true in the Province of Manitoba and I think, though you indicate that

you're going to call a move of leadership, I respect that, but I think Canadians must be informed and I think there's a masterful job to ensure that Canadians seek answers to all the very legitimate questions that are being posed.

THE CHAIRMAN: That's what we're trying to do, and I think perhaps if we stay on the high road, get objective data and try as fairly as possible to put the arguments out, devoid of passion or distortions of any kind, to the extent humanly possible, let Canadians make up their minds.

I haven't the slightest hesitation about what the results -- nor attempt to predict what the result will be and irrespective of it, to live with it, that's a democracy.

This is a great initiative! This is not a small decision. This has involved the best minds of the nation. This is the result, for example, of the most exhaustive research that has been done on this issue, and was done by the Macdonald Royal Commission over a period of three years with some of the finest minds in the country, headed by the Honourable Donald S. Macdonald; with everyone from Tommy Shoyama to Michel Robert.

The most exhaustive research came to the conclusion that this was very much in the national interest. That it could be done. We then retained the services of Simon Reismann, the most skilled international negotiator that Canada has ever produced. We set out the frame work for negotiation and we said what would not be touched. We beleive that we can compellingly prove that they have not been touched; language and culture and regional disparities and social programs.

La preuve en est absolument étanche dans ce domaine-là, qu'on n'a pas touché à ces problèmes de base et cette nature vitale de notre nation canadienne. C'est étanche, et Alain Dubuc le disait dans La Presse, c'est un argument complètement faux que de suggérer que quelqu'un touche la culture canadienne ou les programmes sociaux. Ca n'existe pas.

Now, I know full well that it's a major debate and I plan to participate in it. The only thing that I'm rejecting today from Premier Pawley, apart from his very low view of the Edmonton Eskimos, Premier Getty, is his view that somehow there's emerged the obligation to govern Canada by Committee.

There should be a lot of courtesy and consultation in the Governments of Canada, but Committess is not one of them.

MR. PAWLEY: We are distributing all the Federal literature at all our meetings in Manitoba.

THE CHAIRMAN: I'm going to send out the Baie Comeau Bulldog to deal with the Winnipeg Bombers.

MR. PAWLEY: Would you distribute our material at your meetings?

THE CHAIRMAN: Yes sir, absolutely. You're on! Premier Vander Zalm.

Hon. William N. Vander Zalm (Premier, British Columbia): Well, thank you, Mr. Prime Minister. And I want to thank Premier Peterson for the fine Ontario hospitality shown us here in the beautiful City of Toronto.

And when I say that, I think I can also speak for all of my colleagues in politics from British Columbia: Minister Grace McCarthy, Minister Stan Hagen, and also the New Democratic Party Member from the Legislature, Mr. Bob Williams.

To begin with, Mr. Prime Minister, I would like to add my congratulations and welcome to Premier McKenna as he joins us in this First Ministers' Conference.

Premier McKenna, I can well recall how it felt to be the new boy on the block last year in Vancouver. But I want to assure you that we're a pretty good group and you will certainly, I'm sure, find that once you get to know us better, that the odd argument is healthy, but we can always get it together afterwards.

Having said that, at the same time, I should point out that after 12 months, I'm beginning to show care lines and I have a lot less hours available for myself in the course of a day.

But a sincere welcome, Premier McKenna. I know that, like your predecessor, you will represent your Province of New Brunswick in an exemplary fashion and play an active full part in our deliberations.

Prime Minister, in my opening statement last year, I discussed the urgent need, from British Columbia's viewpoint, for a more equitable and fair allocation of Federal resources for my Province.

I laid out a lengthy list of priorities which I wanted to see action from Ottawa on and I noted that if British Columbia was to realize its potential and vision, we had to have the active cooperation of your Government.

During our discussions on economic development tomorrow, I will be elaborating on my desire to seek fair consideration for my Province. While I'm not satisfied that sufficient progress has been made from the Pacific Region's point of view in terms of fairer treatment, I can see that much else has happened since we met last November in Vancouver.

At the international level, the recent fluctuations in financial markets around the world has revealed both the fragility of the recovery from the recession of a few years ago and the growing interdependence of the global economy.

At the national level, recovery across our country has been uneven although there are signs of renewed strength in our resource sectors.

And again at the national level, the bold effort of your Government to reach a trade deal with our largest trading partner, the United States, represents one of the most significant events in our history.

Mr. Prime Minister, I want to congratulate you for your courage and determination in pursuing this historic Agreement. Western Premiers, including myself, have been virtually unanimous in calling for such an initiative.

I welcome this initiative because Canada is very much a part of the world economy, and we have emerged as a major player in terms of trade.

Our opportunities are boundless if only we have the courage to pursue them boldly and the common sense and the will and vision to focus and coordinate our efforts on a national rather than regional basis.

It is in this context that we should consider the recent agreement in principle reached with the United States on trade.

No issue is more important. No issue is more critical to our future than this Trade Agreement.

As the Premier of British Columbia, I want to address the Agreement in the context of our Province's future and the role it can play in making our great country even greater.

The Agreement is significant from several points of view:

It creates the largest market in the world with the biggest growth potential.

It enhances and secures the most mutually beneficial bi-lateral trading relationship in the history of the world.

It will allow for the development and the diversification of the Canadian economy through the opportunities it opens for secure access to the United States.

And last, but not least, it provides a model for a multilateral trading Agreement that could signal a new era in global trade.

This last point, Mr. Prime Minister, is important. A Canada-U.S. Agreement will serve as a meaningful counter to the destructive forces of protectionism which pose such a grave threat to the growth and stability of the world economy.

One of the gravest dangers faced by Canada, indeed the whole world, would be for nations to try and react to the current economic situation with a self-destructive wave of protectionist measures akin to the Smoot-Hawley Act in the United States in the 1930's.

This point is one that is seriously underestimated by the critics and oponents of the trade agreement. While it seems apparent that some critics merely want to preserve the status quo, the alternative to not entering into the trade agreement with the United States is not the status quo. It is an illusion and a sham to assume we can base our future prosperity and wellbeing on the vague assumption that existing bilateral and multilateral trading relationships are fine and that there's no need for change.

The blunt truth is that the status quo in this context is not at all static - it is in fact, dangerously dynamic if not downright explosive.

Mr. Prime Minister, I believe a realistic and clinical assessment of the present situation would instead characterize the status quo as one of deteriorating trading relationships, spiralling and unsupportable debt and increasing protectionist sentiments and measures.

It is for these very reasons that it is critical that a trade agreement be reached that will have the effect of reversing or heading off the destructive protectionist legislation that is now pending before the U.S. Congress.

Let me turn to the concern that is being expressed about the proposed agreement. It essentially emanates from Central Canada and frankly, I have difficulty coming to grips with the precise rationale that lies behind this opposition. Is it based on the belief - the erroneous belief I might add - that Canadians as a people are unable to compete in a wider marketplace?

Is it based on the belief, and again I suggest this is a false assumption, that we and our culture are too fragile and too weak to retain our own heritage and unique identity?

Or is it based on the misconception that since Central Canada already has the Auto Pact and enjoys the greatest benefits from the highest level of foreign investment, that neither they nor the rest of the country needs this trade agreement?

Opposition Leader John Turner said it costs money to be a Canadian. But why should it cost other Canadians far more than it does Ontarians?

The leader of the NDP wants to stop further foreign investment in Canada. Why would he seek to deny to the rest of the country the same sorts of benefits which have accrued to his riding of Oshawa as a result of American investment?

It all reminds me of the highly emotional arguments I heard in my young days after I left Holland. The European Common Market has been a major success. Yet I recall the emotional claims that small nations like Holland and Belgium would be engulfed economically and fail to survive as distinctive countries and cultures. None of those

dire predictions came true and we should learn from history.

Mr. Prime Minister I believe that the opponents of the agreement are badly misleading the mood and will of Canadians, or misreading the mood and will of Canadians, particularly those in Western Canada. And it may well be that they also fail to recognize there are those in their own backyards who see the proposed agreement as one that offers major advantages.

I note, for example, that the Canadian Manufacturing Association, which has a preponderance of its members in Central Canada, is very clearly on record as supporting this agreement.

The CMA in an appearance before a House of Commons Committee, said its members fully support such a deal and are confident they can respond successfully to the proposed 10-year phasing out of tariffs between Canada and the United States.

The CMA welcomes the prospect of competition and access to this mighty market and warned in no uncertain terms, that if agreement is not reached, then Canadian manufacturers will suffer since they will be unable to attract the investment needed to modernize their facilities.

The Canadian Steel Producers Association, the organization that represents the 14 producers that melt and pour steel in Canada, is also fully supportive of the agreement.

It's interesting to note that while Association members have mills in Quebec, Manitoba, Saskatchewan and Alberta, the largest tonnage is produced in Ontario.

The steel industry - and I quote from its submission to the Standing Committee on External Affairs

and Trade said - its members are well aware that they may have to make some adjustments and short-term restructuring as a result of the agreement. However, said the Association, steel producers do not anticipate reduced employment because of the agreement, rather they feel employment opportunities may be enhanced.

In its brief the Association said, and this is a direct quote: "Canadian Steel Producers want to assure the Canadian Government, all of our employees and the public at large, that we will not be overwhelmed by our American counterparts. As we have shown in the last decade, we can hold our own against stiff competition as long as it is fair. This agreement, in our opinion", said the Association, "ensures both fairness and competitiveness. And we, the Canadian Steel Producers, are prepared to rise to that challenge. "

Mr. Prime Minister, these two examples I have cited say to me that perhaps those who oppose this agreement, and I speak of those elected to make decisions and to show decisive leadership - if not politically motivated are perhaps a step behind the marketplace.

It's also somewhat ironic that as the Premier of a province which has already managed to reduce its dependency on trade into the U.S. market, through an aggressive program of diversification into other areas like the Pacific Rim, that I have to advance these arguments.

In terms of exports to the U.S., British Columbia is the lowest in Canada at 48% compared to the national average of 77% and Ontario at 85%.

But British Columbia fully supports freer trade because of what it will continue to do for our economy and

because it will allow our manufacturing industries to expand and create new jobs for British Columbians.

We in the Pacific region can see the opportunities that exist south of the line and we won't be able to develop those opportunities if we are forced to live in a world that's continually threatened with protectionism and uncertainty.

So it seems to me that Ontario, which is particularly vulnerable at 85 per cent level, largely in manufactured goods, should seriously reconsider its position in relation to this proposed agreement.

To put it plainly, through sales of resource products like lumber and energy, British Columbia can weather the storm and in taking this position in support of the trade agreement, we're in essence fighting a fight that will benefit all regions of Canada, including those that have this extremely high dependency on the U.S. market for continued employment and economic growth.

Mr. Prime Minister, I commend you and your government for sticking to your guns on the Trade issue. I offer you my support, because it's not only in British Columbia's interest, but in Canada's interest.

All Canadians want jobs; all Canadians want security and all Canada will benefit from the kind of opportunities that this agreement will bring.

This is not to say, as you yourself has stated in early October, some transitional adjustments assistance will not be acquired. For an example, to the grape-growing industry of British Columbia. But access to this major market will generate increased investment activity in Canada and open up new avenues and channels for the creativity and entrepreneurship of our people in every region of our land.

Opponents of the agreement dwell on the fact that counterveil still exists and that here in Canada, we still can impose dumping duties. But let me go on record, Mr. Prime Minister, as saying that unfair trade practices, whether between companies, provinces or nations, somehow have to be addressed and mechanisms such as counterveil and dumping duties must exist to counter these practices.

This agreement goes further, however, in that it provides us with a bi-national means to judge the fairness of these mechanisms and a process to discipline the future development of trade laws which contravene the spirit of this agreement.

Mr. Prime Minister, I won't profess to claim the agreement is an end in itself and that is perfect in every respect. But it is a beginning, a good beginning, and in the

years ahead, it is my expectation that Canada and the United States will move to improve and enhance what is now within our grasp.

Today it is time for Canadians in all regions to come to terms with the choice that is before us. It is time to recognize that the future under this agreement can be one of expanded opportunities rather than walling ourselves in and of reaching out to embrace change rather than resisting progress.

As First Ministers, it is our task to give Canadians a clear picture of the challenges that will accompany those changes, and to offer our best judgment as to the most appropriate path we should follow in order to realize the opportunities that beckon.

Having done so, we must make choices and muster the courage and a political will to chart a true course in light of those choices.

I believe Canadians understand this need and they are looking to us for leadership to meet those challenges.

Thank you.

The Chairman: Thank you, Premier Vander Zalm.

May I just advise the press who are waiting in clear and affectionate anticipation for some of you, that we are going to have to disappoint them, because we are -- I'm going to turn now to the Premier of Prince Edward Island and I would like to go right through without a break to make sure that the session, the morning session is wound up that way.

So, I just want to advise the press of that, so you can turn off the meters and we'll see you just a little bit later.

May I turn to the Premier of Prince Edward Island, please.

Hon. Joseph A. Ghiz (Premier of Prince Edward Island): Thank you, Mr. Prime Minister, fellow Premiers. A special welcome to Premier Frank McKenna here today. It's good to see you here and I congratulate you on the presentation that you have made this morning.

We have come together, Prime Minister, to discuss the state of the national economy at a critical stage in the development of our country. The provisions of the Meech Lake Accord and the Free Trade Agreement with the United States have the potential to change the very nature of Canada for generations to come. It is a time of intense national debate.

I cannot recall at time when Canadians have had such an opportunity to debate and determine the kind of Canada we want for ourselves, the kind of Canada we will leave for our children.

It is a time of testing of our differing concepts of nationhood. I cannot recall a time when national issues have so touched the soul of our country and the values we treasure.

It is a time of reason and it is a time of passion. I cannot recall a time when our attempts to reason together were so intertwined with what we feel about our country.

Meech Lake and the Trade Agreement are great national issues with different effects on different regions of our country and different elements within our Canadian society.

In Prince Edward Island, we're debating another issue much closer to home. We Islanders are trying to determine the impact on our province of the proposed fixed link across the Northumberland Strait.

It seems to me that these three issues have a common nature. In each, we are trying to predict the future. We are trying as Canadians to determine the predictable consequences of these matters on the kind of society we want for our children. These are matters of great importance, with far-reaching implications for the Canadians we represent. Their complexity tends to pre-occupy our energies, their scope, their dimension, the inherent conflict in interpretations that arise from differing points of view tend to confuse rather than enlighten.

And no matter how fervently we pursue a point of view as individual First Ministers, our day-to-day problems remain. The underlying economic problems that limit the potential of Prince Edward Island, for example, and as a province we do not possess the resources to overcome these limitations on our own.

For that, we Prince Edward Islanders need Canada; we need a strong Canada; we need a generosity of spirit that recognizes the spirit and the letter of the constitutional commitment to create equality of opportunity in every corner of our country.

We need a national vision that encompasses us within its scope and we need a central government unchallenged in its sovereign right to enact the policies and programs that will breathe life into that solemn, constitutional commitment.

I have said it before at these gatherings and I will say it again, creating an equality of opportunity is a matter of providing substance. It is a matter of recognizing all the factors that limit the achievement of equality of opportunity and adjusting the economic levers so that they work in concert and for our mutual benefit.

I am concerned about the creation of regional balance in this country. I am sure that I am not the first to have had such a concern, and I am equally sure that I won't be the last. However, the creation of regional balance must move more into the focus of national policy making. We must ensure that the total mix of national policies work in harmony so as to promote equality of opportunity and regional balance. And, where there are certain policies which have differential and negative impacts on Canada's less developed regions, then we must offset them with other action to ensure progress is made.

The total mix of national policies eventually shows itself and its eventual regional impacts in the distribution of incomes and employment opportunities across the country.

It can be argued that some gains have been made but they are limited, particularly in the last decade. Regional disparity remains.

Mr. Prime Minister, we have a challenge facing us and it is two-fold. First, it is clear to me that significantly greater resources must be allocated to explicit regional development activities, and second, these expenditures must be targeted in a manner to encourage long-term, sustainable economic growth and employment.

The latest fiscal lever in the Atlantic Provinces is the Atlantic Canada Opportunities Agency. The other Atlantic Premiers and I welcomed this initiative of yours, Prime Minister. We particularly embraced the concept of an agency that would come up with made-in-Atlantic-Canada solutions for our economic problems.

Frankly, the agency is still getting its act together. It's seems to be --

The Chairman: Premier Ghiz, may I interrupt you just for a moment, please.

I just want to tell you the Premier of Prince Edward Island is speaking, I would ask everyone else to please desist from comments, please take your seats so that the Premier may continue his very important analysis. He was just referring to the good role that I've just played in Prince Edward Island. I'd like everybody to hear that. Go ahead, Joe.

Mr. Ghiz: I was talking about the Atlantic Canada Opportunities Agency and I was making the point, sir, that --

The Chairman: Take your time, repeat that one again.

Mr. Ghiz: I'm sure, Mr. Prime Minister, that the role of the agency will be useful, but it will not be the total answer to our needs, not if we are to attack our underlying economic problems in a concerted and co-ordinated way.

The Agency cannot provide answers to our energy needs, our transportation requirements, our need for pragmatic training programs, public investment in infrastructure, the long term substantive solutions we need to the long term substantiative problems we have.

Prime Minister, although Meech Lake and the Trade Agreement are important, my immediate concern is for those Prince Edward Islanders for whom less than full time work followed by Unemployment Insurance is the finite limit of expectation.

My concern is for the Prince Edward Island food

processor who can't compete with mainland companies because he pays the highest electricity prices in Canada.

My concern is for the potato farmer who is facing financial problems because he cannot pay the drastic increase in the charge levied by the Federal government to inspect his potatoes before they are shipped to be consumed in Central Canada.

And while speaking of potatoes, Mr. Prime Minister, I wish to acknowledge the just announced efficiency payment for potatoes for the 1985 crop year. A matter which I raised here last year and a concern that you have responded to for which I thank you.

My concern is also for Islanders who don't receive the same level of health care as other Canadians even though we spend a larger percentage of their tax dollar on health care than other province in Canada.

My concern as a Prince Edward Islander is that our fishermen receive fair and equitable access to the Atlantic fishery and that they have adequate and safe small craft harbours.

You, Mr. Prime Minister, this morning raised the matter of the fixed link. And you indicated that that might result in lower transportation costs. It will result in lower transportation costs if the tolls are lower than what we presently pay. The tolls, Mr. Prime Minister, will depend on the subsidy provided by the Government of Canada to the operator of the fixed link. If you can tell us, sir, that the tolls will be down, that the subsidy will increase, I can assure you, sir, that it will have an impact on the plebiscite which is taking place in Prince Edward Island on January the 18th.

These are the real and everyday concerns that I bring to this table. Our constitution is important, good trading arrangements are essential to our economy, but we cannot

allow ourselves to become so preoccupied with these matters that we neglect the very basic and day to day needs of our people.

Nor can we forget that the problems of different regions of our country require different solutions. This approach is what brought our country together. That is why we need the presence of a central government armed with the will to make policies in the interest of all Canadians.

One of the unfortunate aspects of the national debate on your Trade Agreement, Prime Minister, is the perception that this is a debate that sets East against West.

It is not my intention to cast blame or to say who said what to whom first, but I must in all conscience say to you, Prime Minister, that to express my concern over our future inability to enact national energy policies is not to set Prince Edward Island against the interests of other provinces.

Indeed, as you may know, I spoke in Alberta recently and I was received with the greatest hospitality there and I enjoyed my stay very much. Some agreed with my views, some did not. But everyone I met respected my right as a Canadian, an Eastern Canadian, to come out West and express these views. I believe that as leaders of government we must set the tone for the national debate on this or any other national issue.

Unless we set the example of civilized rational debate and dialogue we will inflict wounds on our national spirit that will hurt long after this issue is decided regardless of who prevails in the argument.

If we are to be a nation, a people with a national vision, a sense of purpose, a country with compassion and concern for its component parts then we must be able to express our views and represent our constituencies with vigor and

with passion. But always with the full knowledge that we must also come together to draw strength from one another and find Canadian solutions to Canadian concerns. I remain unconvinced that this Trade Agreement is good for my province, my region or my country. Reason tells me that it is not. Predictably consequences flowing from the provisions of the agreement tells me it isn't.

I do not see how this Trade Agreement will resolve our basic structural problems which have created uneven economic development, instead I see a Canada where, for example, the possibility of a national energy grid to provide cheaper power to Prince Edward Islanders may be gone.

I see a Canada where the central government will be unable to provide policies and programs to create equality of opportunity without approval by American politicians. I see a Canada where we will not be able to use our oil and gas and other energy reserves as instruments of national efforts to create equal opportunity.

These things have nothing to do with the idea of tariff free trade between Canada and the United States. They have everything to do with our ability to define our own future as a sovereign nation on the North American continent. They have everything to do with our ability to sit around this table as First Ministers to debate and discuss and then implement policies and programs that we as the elected leaders of our country know in our hearts and minds are in the best interests of the people that we represent.

Prime Minister, you are no less a Canadian for the opinions you profess on this matter, nor am I for the views that I hold. We may differ on the vision of the country we both hold dear. We may differ in the methods we use to realize

the dreams we hold in our hearts and minds but we are still Canadians.

This debate goes to the soul of our country, to the place where our deepest feelings, our strongest passions reside. It is easy to let those passions overtake us, consume us and sear the soul of our country with their heat. We may debate, we may argue. We may put our differing interpretations before the people, but let us not sear the soul of our country with a debate that sets province against province, region against region.

Let us afford each other the respect to which we are entitled as Canadians concerned about the future of our country. And let us not become diverted from the reason for this meeting of First Ministers. Our task is to examine the state of the Canadian economy from the perspective of its component parts.

Our task is to give substance to the promise of constitutional perspective of its component parts, a perspective of what Canada can do to make those component parts stronger and share in the wealth of Canada.

Our task is to give substance to the promise of the constitutional accord to create equality of opportunity. I have always believed that our country is more than just the sum of its parts, that our Canadian concept of nationhood embraces more than simply a collection of economic units, that we have had a larger purpose in creating our Canadian society than the dictates of some people's perception of economic efficiency. That is what sets us apart, gives our society its special quality, it is what gives our nation its distinctive identity among other nations, it is what makes Canada, it is what makes us Canadians.

Thank you.

The Chairman: Thank you Premier Ghiz. While I sometimes question the logic of my friend, Premier Ghiz, I never do anything but admire his eloquence. And I thank you for that statement, Mr. Premier.

May I turn to the Premier of Saskatchewan.

The Honourable Grant Devine (Premier of Saskatchewan):

Thank you, Mr. Prime Minister, my colleagues. I want to thank the Premier of Ontario for his hospitality

in looking after us so well here in the great city of Toronto. And I want to welcome Premier McKenna to this round table. I've had the chance to visit with the Premier and know that he will make a significant contribution to the country.

I also want to congratulate Alberta for hosting the Olympics. I just want to recommend that people fill up their tank on the way through, stop in the Province of Saskatchewan and stay a night if you like, and we'll direct you to the Rockies.

I also want to thank you, Mr. Prime Minister, for your opening remarks. I think people saw in you something that is important, that is that you very much believe, not only in your country but in the policies that you are initiating and I know that's important.

I think it's also important to recognize that we have a good working relationship at this table and, in fact, we can even have some fun in discussing policies and programs between us. And while it's serious, and I will have some serious comments, I want to know that we're always able at this level to put out our hands to each other and talk and kibbitz and stay close, and that's extremely important for a country that's put together like this.

My comments today are going to be about our children, Mr. Prime Minister, because I believe what we're doing here in this country will have a major impact on the opportunities for my children. I have five, ranging all the way from 2 years old to 20 years old and I'm quite concerned that they have the best opportunities that we can provide. And I believe that all Canadians feel the very same way. And the decisions we make today and tomorrow, about

our economy will have a tremendous impact on your children and mine, and I would like to think that they know we're taking this very seriously and we're separating the wheat from the chaff, and that we know that if there's an opportunity we're going to grab it.

I want to congratulate you on allowing us once a year to discuss the economy because it's extremely important. If we want to have jobs and opportunities for our young people, if we want to make money for health and education and the kinds of safety nets that we are proud of, then we have to have a prosperous growing economy. And for the First Ministers to meet once a year on this is particularly important. And to meet in this setting with our advisers, and with a great deal of research is particularly important.

The record has not been bad. I can endorse it, it's not perfect but we've got better jobs and new jobs, and more jobs, and a lower deficit and good trade record and expansion, lower interest rates. And among the major trading partners of the world, the group of seven and others, we rank right in there, we're not number one, we're number two, and you and your colleagues are to be congratulated.

But more important, the people of Canada are to be congratulated because if you give them the environment they will respond. Particularly small business and people who manufacture and process. Most of the jobs are created by small business and they have just reacted in a very positive way to new opportunities that we have provided.

Let me say at the outset too, I want to congratulate you and my colleagues on the courage to put Meech Lake together. Our province, behind the Province of Quebec, was the first to pass it in legislation, we're

proud of that. It was not easy. It took many, many meetings. And goodness knows there wasn't a consensus across the country but there was a consensus in that room after hours and hours, and days and we saw an opportunity and we grabbed it. And I think much of what we're talking about today is just that kind of opportunity and we're either going to be leaders, or we're going to be followers. And there's a big difference.

We were elected because people thought we had leadership skills and if we don't use them when we have this opportunity with destiny well then we're going to look back 25 years from now and say, well, we missed the chance. I was there, I was sitting in the chair, I had an opportunity and I let it slip by because I had to do another poll, or another survey. I don't think the men in this room, and the women in this room are that kind of people, I believe that they are leadership people.

When I talk about families, particularly the young people across this country, they want opportunities. They're not afraid of the global village, they're not afraid of international trade, they're not afraid of high technology, they want economic growth, they want technological growth, and they want to be able to grow themselves and develop their God-given talents.

Well this country has done really well. Some of the regions have not done as well. And that causes many of us some concern because we believe that we can do better.

International trade has allowed tremendous prosperity, and particularly in Central Canada, and I'm excited about the growth that I see in Ontario and Quebec and in the industrialized heartland of this country because it helps us all. But some international trade has hurt us and I'll look at \$2 wheat and I'll look at \$10 oil, and I look at some monetary policies that have caused interest rates to go to 21 per cent. And I see that international treasuries can play unfairly with Canadians and it hurts some of the regions, and it hurts Saskatchewan and Western Canada.

We needed some help in Western Canada and I'm happy to say that you were there and your colleagues were there. We received financial assistance to take on the U.S. Treasury, and the European treasuries, and that help was really needed for families in Saskatchewan and across Western Canada.

People were frightened and they still are. People were losing their farms, people had just gone through the high interest rates and they watched wheat prices go from \$6 or \$7 a bushel down to two and a half, and they said somebody has to help me. And, Mr. Prime Minister, you were there and I know you're going to be there again

For a strong, resource-focused province like ours, when other countries cheat on us, we have to be prepared to call them and we have to deal with it nationally and we have to be prepared to deal with it internationally. And, Mr. Prime Minister, if there's anything that we're going to address today, we'll be addressing international policies that have a bigger impact on our country than anything that we can do nationally. That's why if we can put a trade deal

together locally, bi-laterally, the next step is to take you and people like you internationally to fix things there, because that's what causing most of our concerns.

My family of five children and my neighbours' children want to look to the turn of the century for opportunity. They want to know we're going to have the best education, they want to know that we have good health care, and they want to know how we can make enough money to do that, to have the revenue, the prosperity. Well, for our province, and I'm going to say for most provinces, that comes from doing business with others.

We trade, we diversify, we encourage processing and manufacturing. We're aware of the high technology that's coming on, the information age and the information economies, and to use all that wisely, to trade with other peoples worldwide means that we will be prosperous, and I think everybody in this room wants to be prosperous; want to make money. We want better jobs, higher jobs. The question is, how do we do it?

Well, Mr. Prime Minister, not many people in this room spent very much time on the history of what freer trade means. If I just take a moment, someone mentioned the stock market crash of Black Monday, October the 26th, the whole world realized that we're linked together, very closely, and when that market falls, we have a couple of choices. We can look back in history and say, "Well, we'll do it just the way they did in 1929, '30, or we can start to change things because we are really linked together now." In fact, all our pensions -- people in this room most of us have pensions and people in Canada with pensions are linked in those international markets; we're tied intimately together.

We can raise interest rates and raise tariffs, as they did in 1929, '30, and put everybody out of work, or we can go the other way.

Well, obviously, when they doubled tariffs in 1930, everybody retaliated and there was massive unemployment and nobody had any money, and the old-timers will tell you that, and they say, "Watch it. Be careful", because the temptation -- once one person raises a tariff, somebody else will follow.

Well, after that, it even got worse, Mr. Prime Minister. We went into the Second World War and we got quite serious about raising tariffs and applying sanctions. We did it to obviously our enemies and we cut off their communications and blew up their bridges, and really got ornery about it. We won, but obviously, the world lost, because we not only lost families, but we lost that capacity to produce and to have revenue, and it's taken us a long time to get over that.

Well, since the Second World War, Mr. Prime Minister, we've been going the other way. 1947, we had the first round of GATT that says what will we do? Let's fix it, let's go the other way. We reduced tariffs.

And then we had the Kennedy round in the sixties and seventies and we reduced them again, and then we had the Tokyo round in the seventies and we reduced them some more. In fact, now we got to where I think it's about 80 per cent of our goods and services between the U.S. and Canada is tariff-free, and we've all been making money, and we've been more prosperous.

So the question is: Have we been going in the right direction? Well, seems to me if I'm talking to my children that I have to say, since the Second World War, the whole world has been reducing tariffs and making more money,

more exchange of goods and services, it's all more peaceful, it's all more secure, we're all a little more confident; do you think we could go a little bit farther and take tariffs to zero between two major trading partners? And the kids say, "Well, maybe they should; maybe that's a good idea. Are we afraid?" Well, it's an interesting question.

I have to ask, because it's so interesting and it's a dilemma, and I share with the Premier of Ontario.

My children ask me this: "Is too much American investment harmful to us? Are we going to be too close to the United States? Can we have too much trade with the U.S.A.? If we get too close to them, will we lose our culture? Will we lose our sovereignty? Will we lose our identity?" I say, "Well, kids, I don't know. We'll have to find an example." So we look at Ontario and it has a massive amount of U.S. investment, I think 85 to 90 per cent of all its trade is with United States. I understand now that it does more trade in percentage terms with United States than the State of California does. Within years, you're going to find out that 100 per cent or 99.9 per cent of all the trade in Ontario is with United States. And it's wealthy, lots of schools, roads, and hospitals and revenue. And my kids say, "Well, dad, which way is it? I mean, should we go to Ontario and save Ontario from United States, or should we copy Ontario?" They're trying to figure this out. They would like to know which is the best way for Canadians to go.

It's not much wonder there's confusion.

Confusion for the young people in this country and they need to know, because we don't know whether to mimic Ontario; that is, go for it with the largest trading nation in the world and have all that investment, and all those jobs, and all that

excitement, and all that revenue, or whether we should come down here with all our community leaders and everybody else, and save Ontario from the United States because they're in big trouble. They're really wrapped up in this. They're going to lose their culture and their identity, and they won't have any sovereignty. I don't know, maybe CBC doesn't even function in Oshawa, it's blocked out. But I doubt that. I'm going to go to Oshawa with some of my friends and I'm going to find out bad it is. How dangerous it's going to be in Ontario for us Canadians if we have this kind of money and this kind of investment.

Now, obviously I'm having a little bit of fun with this, but my kids, they're in high school and they're trying to find out: Is it a good idea to trade and have more investment and more economic activity with the United States or isn't it? Which way should we have it?

Well, then we go into some of the details. If we haven't figured out whether we should save -- those, Mr. Premier, that were in my economics class passed.

Mr. Prime Minister, we have some key questions we have to ask ourselves. If we agree, and the people at this table have said here today, I think everybody has said, we agree with lower tariffs and free trade. We're just not sure about this mechanism.

Well, let me point out that over time we have been reducing tariffs and reducing tariffs, and it's been getting better for us. And people say, well, I don't think we have assured enough access. If we just had assured access, I'd go for this deal.

Well, for Provinces like Ontario, if you've got 90 percent and you're moving quickly to 100 percent and you say I'd buy this if I could just get it all, fair enough. I would like to have assured access, as well. But I'm so far behind the opportunity that's already there, I just want the chance to catch up.

Secondly, people would say, I'm not so sure that I have assured access if I live in some of the regions and I say to people, well, would you be prepared to give up regional subsidies to get assured access.

That's an interesting question. You talk to people in Western Canada and you talk to people in the Maritimes and say, you want assured access to the United States, would you give up subsidies to the regions, and they say no.

Well, what American is going to say okay, boys, you can have assured access to the United States and you can still cheat a little bit, you can have subsidies.

I raise the point, Mr. Prime Minister, because anybody that you're trading with internationally is going to want the same rules going back and forth.

If you go and look, with respect to the fact that we are too close to the United States whether within a region or whether it's in any other particular part of Canada, all I can say is that those who have invested in Southern Ontario, those who have looked at, I believe, \$4.5 or \$5 billion invested in Oshawa with something like 20,000 new jobs, obviously

have had fairly close contact with the adjustment mechanism that goes on when you have a great deal of investment. People say, well, there would be adjustment because of investment! If I could point out, obviously those 20,000 people, Mr. Prime Minister, must have been doing something else before that new money came in. What did they adjust from? Well, they adjusted from some other jobs. They're working in fabrics or working in a store.

People want better jobs and more jobs. So, as you have increased investment, even if it's in the region, what you get is a mobility upward to better and better jobs.

And you say, well no, these are all new people that went into those jobs, well fair enough. What would they do without the investment? They would be down there scratching in the sweat shops trying to get the same jobs.

New money is extremely important for economic development and growth, whether it's in Ontario or whether it's in the region.

Some people have said well, you know, we've got to hang onto regional development because it's so powerful. And the Premiers from the Atlantic Region and from Western Canada say the same.

I think it's less than one percent of the total Federal budget.

What's the Federal budget? \$135, \$130 billion? Something like that. Regional development is about one percent of that. You take GM, one American firm has put billions and billions and billions of dollars in regional economic development in parts of Ontario and, perhaps, other parts of the country, which is very powerful on an ongoing basis.

So, I want Canadians and my children to know what the trade-offs are when I'm looking at their opportunities for the next century and decades ahead.

Well, I want to say, Mr. Prime Minister, I haven't come to the conclusion yet whether we're down here to save Ontario or whether we're down here to copy Ontario. I can say quite seriously I envy Ontario.

With the growth and the investment and the revenue and the jobs and the excitement, we just want the same.

I have people in the potash business, in the uranium business, in the hog business, in the beef business, in oil and gas, and pulp and paper, that just want access to the United States' market without tariff. Just want to be able to play by the same kinds of rules.

And they don't want any more than 85 or 90 percent of the trade with the United States. In fact, they would say, Ontario, just slow up a little bit and we'll catch up.

I'll never have, I promise, more than you got in Oshawa in terms of U.S. investment. I'll even promise that to the M.P. from Oshawa. But I just want to catch up. Just don't hold me down.

But if you wanted to look at economic activity, if you will look at the communities of Loon Lake in Saskatchewan, or L'Orange or Lannigan, and you compare it to the opportunities that are in Southern Ontario and I believe that people would make the change and they would say, Mr. Prime Minister, just give me the chance to grow. We can compete. We are bright enough and we're well educated enough, we just want that opportunity.

I also want to point out, Mr. Prime Minister, that we've heard that, well, maybe the economics aren't that bad. Maybe it's a good idea that we get into freer trade. We'll all do better, but we have some constitutional problems with that.

And, Mr. Prime Minister, I can just say that ever since we've been into GATT, we've had this similar kind

of Constitution here in the country. We have provinces that have jurisdiction over some things and the Federal Government has jurisdiction over others.

And when you sign a treaty, the provinces can go along with it if they decide to change their mind and they pass some local law that says that they're not going to play ball, all you do is say to the people in front of GATT or in a bi-national agreement is that you've cheated on the Agreement and you'll be subject to some retaliation. That's all you're going to say.

Well, that hasn't changed, Mr. Prime Minister, and we can argue that for a long time to come. I would still encourage a Federal Government to go out and negotiate bi-laterally and multi-laterally in terms of GATT and any other Agreement and if provinces want to renege on it, then provinces will likely suffer the consequences. Because, if I was an American and we cut a bi-lateral trade agreement and I wasn't going to play ball on anything -- whether it's beer or wine or whatever it is -- and said nope, I'm not, I think the American would retaliate against that province and it might say well, you know, you want to play that way, I think I'm just going to pull the pin here on 25 percent of this or 25 percent of that. That's the first threat.

The second threat is they may deny others across the country equal opportunity.

And that raises an interesting point because when we look at the whole question of wine and agriculture, I mean, it's a difficult problem multi-laterally and we have to deal with it. I think, and I can be corrected, we look at about 150 full-time farmers involved in wine; part-timers, there's about 650; direct employments, there's about 2,000. Shipments from wineries represent .1 percent of total shipments out of Ontario.

Now, what's at stake, for me, is 100,000 wheat producers that want access to the United States' market. And Ontario has every right to do what it has under its jurisdiction and so do I.

But in nation-building, nation-building, we have to balance those interests and I just want that chance. We are productive. We grow beef and hogs and wheat. Half the farmland is in my province and we want that opportunity to trade world wide, not just with Americans but with everybody else.

So, I point out, yes, you can get into constitutional wrangling, but make sure you know what the down side is; bi-laterally and multi-laterally, not only for yourself but, indeed, the rest of the country.

Mr. Prime Minister, people have said this dispute settlement mechanism isn't quite good enough.

I just got a news release today from the Business Council on National Issues and they confirm that the best legal advice that they can find, nationally and internationally, that we've made a major breakthrough in dispute settlement mechanisms.

And I'm going to pass it around for people here. I believe it's extremely important that we recognize that we don't have many choices.

Frankly, we have three choices: You can leave the United States as it is, in the ugly mood that they're going through -- and that's pretty dangerous. We've all suffered. I have in potash and softwood and hogs and others.

Secondly, we can say, let's change all the laws right now. We'll fix their countervail and their anti-dumping and we'll just rearrange them overnight.

Absolutely politically impossible! We can't even change our own laws that fast, let alone with the United States.

So, the third alternative is get a hold of them. Agree to take those tariffs to zero over ten years, bind them in a dispute settlement mechanism which they say now, by professionals legally is historic and get them to agree over the next seven years to harmonize our loss.

Now, what's the down side? Too much U.S. investment or are we too close to them? I mean, we've been through all those arguments.

I say, Mr. Prime Minister, and I'm going to wrap it up -- I could spend a long time on the opportunity that's before us. I will say about my children, this is historic. I'm glad I have a chance to participate in it. Obviously, you know that I feel very strongly about it. I've been across the country and I've listened to Canadians and I've listened to them in Saskatchewan. I think we've had 50 or will have 50 Town Hall Meetings about the consequence.

My children want the best health care and the best education money can buy.

In order to do that, we've got to make money. In my province, you can take all the income tax and all the sales tax and all the oil royalties combined and it doesn't quite pay for health care because of \$2-wheat and \$10-oil.

We have to trade to make a living and to make money. For my children and your children and their children, on into the next century, we have an historic opportunity here and we have to capture it.

If we don't, if we wait for the next survey and the next poll and the next consensus and let this slip by with 230 million American people there with money that they want to spend in this country and people around the world that would give their eye-teeth to have a deal like that with the United States, then I believe that we will live to regret it.

I am going to raise health care at this Conference because it's going to be difficult in the future to have a new model for health care that we can all live up to. In Saskatchewan we have led the way in health care and we are going to continue to lead the way but we're going to have to build it stronger and better, and we're going to have to make the money to finance it. It is my view Mr. Prime Minister, that we won't if we're dilly-dallying waiting for a consensus as time goes on and the clock continues to tick.

We have an opportunity in the next few moments of time to capture it. If we don't, Mr. Prime Minister, I believe we will regret it well into the next century.

Thank you.

The Chairman: Thank you, Premier Devine. My guess is that your two-year old, when he looks back on your video tape 25 years from now in terms of nation building, will be, if I may say, very very proud of his father's contribution.

Premier Getty , please.

The Hon. Don R. Getty. (Premier of Alberta):

Mr. Prime Minister, first let me join with my colleagues and extend a warm welcome to Premier McKenna. I enjoyed his participation last night in our first meeting.

I also am very pleased to learn, after my own meeting with him, that we now have another supporter of the triple E Senate. And that's a very important matter to Albertans and I welcome you to the table.

I also want to thank David Peterson for his very thoughtful hospitality. And I know Premier Dèvine couldn't figure out whether he wanted to join or save Ontario. Right now, on this weekend coming up, we want to whip Ontario because, of course, we're both represented in the Grey Cup. And I want to officially bet him, right now, one barrel of oil against one barrel of Ontario apples, a barrel of anything else, David ---

Premier Peterson: The last Ontario wine you'll ever see, Don.

Premier Getty: Or anything else of your choice.

Premier Peterson: All right, a barrel of Ontario wine.

Premier Getty: All right.

Premier Peterson: It's cheaper than the price that he's charging us for his oil these days.

Premier Getty: I won't touch that Grant.

The Chairman: Will the secretary record that we were unable to identify the source of that last comment.

Premier Getty: Prime Minister, I'm pleased we've gathered to meet as First Ministers again. These meetings present an important opportunity for the eleven of us to take a partnership approach to the setting of national objectives and to Canadian economic decision-making.

As you know, Alberta's pressed for these meetings to be assured on an annual basis. I'm very pleased that we will have them confirmed in our Constitution under the Meech Lake agreement.

One of the things we'll be doing during this

meeting, Prime Minister, will be reviewing our joint progress in a number of important areas. And Alberta's particularly interested in the area of women's issues. We've all agree, I know, around this table to work hard in helping women achieve economic equality and as will be reported by our Ministers responsible for women's issues, much has been done to enhance training and education and employment opportunities for women.

The Government of Alberta has initiated a number of strategies focused on women and designed to promote their full and equal participation in all aspects of our society.

I believe also as governments we must continue to support and enhance family life. At the same time we must recognize that the shape of families is not always the same as it used to be. As more men and women take on different roles in society, the framework that governments provide must accommodate this diversity.

In Alberta we are committed to ensure the preservation of family life. Our families are very important to us. Healthy and stable families provide the foundation for strong people, strong communities and a strong province.

This Conference is also about Canada's economic performance. And I must say, and you pointed it out, there has certainly been economic growth in Canada over the past two to three years. Unfortunately, not all of Canada has shared in that growth. What I want to see, what Alberta wants to see, is a strong Canada with strong provinces all sharing in a strong economic performance.

While the centre of our nation has prospered dramatically recently, it is fair to say that the eastern and western regions have not. Now there are many factors

that tip the economic scales in favour of Central Canada. To add to these advantages by national policies that stack economic imbalance as well which surely weaken our country and dissatisfy many Canadians. We must do more to balance employment, growth and opportunity fully across Canada.

When I say that, Prime Minister, I'm not talking of reducing opportunities for those who have them, not at all. But rather making sure our national policies distribute economic opportunities in all parts of Canada.

I think most of you know that Alberta, over the last two years, has suffered pretty dramatically. Our agriculture grain sector, our energy industry, our construction, our real estate industries, our small businesses have been badly hurt. It's on the record that no part of Canada suffered as sharp a drop in economic terms as we have. And our provincial revenue reductions resulted in a three-and-a-half billion dollar deficit for a province of two-and-a-half million people.

But Albertans are resilient people, strong people, that is their heritage. It's left from their pioneers who carved our province from a tough but beautiful terrain matched sometimes with a harsh climate. Some might have panicked but in Alberta our people did not, our government did not. We've been pulling together, we've been working together and we've put in place a foundation for future growth.

And now to my fellow First Ministers and observers, the people of Canada, I want you to know that Alberta is coming back. The tough decisions and the determination of our people are paying off. The upturn is now evident. We're still cautious because we were hurt so badly but we have optimism that we have most of the package in place.

Agriculture is stabilized, our conventional oil and gas industry has responded to incentives and increased prices, and that has resulted in Alberta being the best place in North America to invest in oil and gas.

We have committed almost two billion dollars to help agriculture and a billion dollars for our small business sector. And we're trying never again to expose Albertans to the devastation that can be caused by negative national or international events that impact on agriculture and energy. Those industries play such a big part in our economy.

One thing, Prime Minister, Alberta over the past 18 months has been in an absolute fistfight to diversify. We are competing with everyone anywhere. In Canada, the United States, Europe and the Pacific Rim. We must broaden our base and we are succeeding. We'll have a chance to talk about economic development tomorrow and I'm looking forward to do that.

But we are coming back on a broader, more diversified basis. Not just agriculture and energy but research, science, technology, forestry, tourism and the service sector of our economy is responding dramatically as well.

Well having talked like that, why is our recovery just barely evident? Why are we still cautious? The answer is we must have complementing national policies, and we must have stability in those policies. In agriculture, as I said, it is stabilizing and we congratulate the Federal Government for your fight on an international basis against subsidies. Alberta and the West grain farmers need to have that subsidy war end. But Prime Minister, we must have help again until your fight is successful.

Last year's grain deficiency payment was appreciated. We must have another one this year so our grain farmers will be here to enjoy your successes on the international scene. I think that must be obvious to you when you travel in the West.

And we must not change the tax rules for our agriculture producers while they are struggling back.

We agree with thoughtful tax reform, but it must not be done to help some if it sacrifices the financial health of our farmers and ranchers.

In energy, our other foundation industry, we are coming back more strongly now, and they're extremely good policies that are working. Policies that your Minister introduced. They are, along with our incentives, providing great growth in the conventional oil and gas industry.

I say too, Prime Minister, some of those policies that are now being planned for removal or reduction, and they must be reviewed, because they're really pay off now and we shouldn't change them.

So what else do we need to complete our recovery and to balance the growth in Canada, to provide opportunities to Alberta and Western Canadians?

I think your government has already recognized we need diversification and we need markets.

Your Atlantic Canada Opportunities Agency, your Western Economic Diversification program are right on. Just make sure that the will of your government, the will of your Deputy Prime Minister who's working with us, and the Alberta M.P.s is transferred all the way through to the final delivery.

As I said, we're in a first fight to diversify in Western Canada. We're going to do it, you've identified an additional tool that will help us, but don't let any administrative or bureaucratic problem limit the effectiveness.

Finally, Prime Minister, we need markets. There is almost nothing so important to us in Alberta or to Canada. Canada is a trading nation, Alberta is a trading province. We produce so much more than we use, we have to sell and we have

to have markets to sell, and we must be assured markets, so that we can plan on them, so our people can invest, so they'll expand and grow in order to service those markets.

The biggest market in the world, and it's been said here today, is our neighbour and friend to the south.

I think that despite all the programs that we provide for businesses and our ranchers and farmers or that you provide, there couldn't be anything more effective than to provide them with access on a long term assured basis to markets and just let them compete for it. I think that would probably be the healthiest possible thing a government can do. And that's what we're trying to do with our Trade Agreement.

Now our interest doesn't stop at Alberta's borders. We believe this agreement is good for all of Canada. In the West we've always recognized the benefits of trading north and south because we've experienced in the past problems of trading east and west. We've sold our products below world prices, and we've bought back at above world prices.

This Trade Agreement is extremely important to us. And one thing, to hear people talk about rushing it or that we should delay it for some reason really baffles me because it wasn't done quickly. We've been meeting people around this table for 18 months and I've been chairing the Premiers over a lot of that period.

We've met as First Ministers on many, many, many hours. Our designated Ministers have met, our officials have met. We've discussed and talked and worked on this for at least 18 months as I said. This has been something that has been painstakingly developed. I don't understand how people can say this has been rushed.

Now some have pointed out we can't just say don't

have this Trade Agreement, let's just keep everything the way it is now. It won't happen.

We all know the United States has a trade bill currently before their Congress that is so damaging, so protectionist to Canada and I know to our province, that it would do tremendous damage to us.

And I don't think there's any mistake about it, the alternative without a Trade Agreement is extremely difficult times for our country and for Alberta.

The United States is building a fence, a protectionist fence around their nation. Now they're aiming it Japan and Korea and the European economic community, but we'd be caught along with them. With our Trade Agreement we're going to be inside that fence. Every trading nation in the world would like to have a trading agreement with the United States, everyone wants one, we've got one.

For Alberta, I think most of you know the tremendous benefits that we would get in the very sectors of our economy that are so important. Agriculture, energy, forestry, petrochemicals, our service companies, and we get investment, things that we need and those industries - those are things we're good at, we do well. They're in areas where we can compete with anybody.

But some argue that this agreement is not perfect, it's not ideal in every way. Well obviously that's so. There's always give and take in any negotiation like this, but it is so much better than what we have or what appears to be coming without it for our country and our province that it's a foundation for remarkable new growth; growth that can be shared by all provinces, not just by Alberta or Quebec or Ontario.

What are some of the fears that we've heard expressed? We're going to lose our culture, we're going to lose our ability to help regional development and we've dealt with that today. We going to lose our beer industry, we're going to lose our marketing board, we're going to lose our dairy and poultry industry, or even somehow we might lose the CBC. I was told that.

Not one of those things was touched, Mr. Prime Minister. At times you may have wanted one of them to be touched a little.

To my friend, Howard Pawley. Howard, I have trouble with the logic expressed today that this agreement isn't big enough, is too limited, is too small, that we should have got a bigger one, and yet the arguments made that this small one is a threat to our culture and way of life. How can that be? If we want a bigger one, obviously if this little one is a threat, a bigger one would be a bigger threat.

Now some have also said to me there goes medicare, there goes Unemployment Insurance, and you raised medicare today, there goes Old Age Pensions, there goes Welfare programs and there goes our sovereignty. That's nonsense. All of those things are completely untouched, completely. We will always be free, free to be Canadians, to do things our Canadian way.

Now to my friend, David Peterson. Don't promote the view of a weak Canada. The view of Canada like a mouse beside an elephant. Canada isn't an economic dependent huddling before any country, let alone the United States. We just can't accept that vision of Canada.

Would people have us believe that we'll wake up after signing a Trade Agreement with the United States and somehow be less Canadian? I can't picture a Canadian identity that I see in Canada that is so weak. I can't believe any Premiers do

and I can't believe most Canadians do.

But I have to also talk about something that Grant Devine talked about. It really knocks me out, Prime Minister, because we've had federal opposition, politicians from Ontario and some Union leaders, they came to Alberta and they tell us that free trade in American investment would be bad for us. And then as Grant did, we looked at places where they live and work. Places again like Oshawa. Oshawa has the lowest unemployment, so low that it's not even on the scale any more. They have huge American investment and the benefits of managed trade to the United States. And that deal is closely guarded and rightly so by Ontario.

But to have these people come to Alberta and tell us that American investment and trade would be bad for us when they have it and are prospering, is incredible.

Now, some people -- and I don't hear it around this table -- but some people tried to attack Americans in some way in this deal, implied that there's something bad if you deal with Americans. Somehow they're going to try and do something nasty to us.

Well, when you travel in the United States, you know the toughest thing in the world to do with them is to get them to even think about us, let alone try and hurt us. They are our trading neighbours and friends, and we have the largest, unmanned border between us.

There's an article in a recent copy of The Economist and it poses this question: If Canadians and Americans, with their history of friendship and cooperation and 5,525 miles of shared border, can't strike a deal, who in heaven's name can?

But regardless of this, some federal political leaders are saying if they have a chance, the agreement will be cancelled.

I must say we have some of the same types in Alberta. I guess they do what they're told to do because they're against it too, even though it's an incredible opportunity for our province.

Now, they are by far the minority, I'm pleased to say. Howard mentioned about talking to people in rural Manitoba and testing this thing. Well, we had a chance ourselves over the last month. On Monday, we had a bi-election in Alberta. Rural Alberta, trade was the major issue, one of the major issues. Our candidate -- by the way, a superb candidate -- supported the Trade Agreement strongly. Every other candidate lost their deposit.

I know the way Albertans feel. We believe we have a deal that will work, that will halt growing protectionism, that will generate jobs and prosperity, will give our children larger field in which to stretch their talents.

What does this give us that we don't have now? And you mentioned some of these, Prime Minister.

Over a period of one to ten years, we'll have the removal of tariffs and duties and trade barriers, so that almost everything we trade between our countries will be Free Trade. We'll have a new Canada/U.S. Trade Commission that will guide future trading relationships between our countries, and we will have senior Canadian and U.S. officials working to put in place an entire new set of rules for future Canada/U.S. trade.

Now, those would be rules without frivolous countervail charges, or the ability to harass and hurt each other as we now can.

Some complain that those things are still there now, and they are, because they're the laws of their country and they're the laws of our country too, counterveil and anti-dumping. And you don't change your laws over night. You go through a period of time in Congress, in Parliament and in our Legislatures to change laws. You don't change them with an agreement made between two countries. There's a process for laws that's been tested over a hundred years in our democracy in Canada, but this agreement does have both sides working on an entire new set of rules which we would then translate into new laws.

In the meantime, we have a binding dispute settling process. We have independent trade arbitration courts to handle the countervail and dumping charges. As a matter of fact, I'm not sure it's been mentioned, but in this agreement, there are two dispute settling mechanisms. The ones that deal with the most damaging part of our trade laws, the countervail and the anti-dumping laws, those decisions are binding in that mechanism.

On other trade matters in this agreement there is a dispute settling mechanism as well. It's not binding unless both sides agree when it goes into the mechanism.

But think, if you have a frivolous or a capricious charge or political one, you know you're going to get a ruling against you; there will be no use starting the process.

These two dispute settling mechanisms will stop so many of the harassing, politically, motivated charges that we've been living with from the United States recently. They are strong mechanisms and they're in place until we get the new set of rules.

I must say, Alberta expects to play a major role in the application of the dispute settling mechanism.

Now, we will also have lower costs for our consumers, pretty important group of people. The goods that flow into Canada from the United States that now have huge tariffs and duties will come in much cheaper. We will eliminate quotas, duties, harassments at the U.S. border and border storage. They'll all be eliminated for our beef, pork and lamb exports. Now, that's a huge benefit to Alberta's agriculture community, to all of your agriculture communities.

We're going to have tariffs removed on petrochemicals, forest products, process foods. Our businesses, both small and big businesses, will be able to bid on billions and billions of dollars of U.S. Federal Government procurement. It can't be touched now.

And we're going to have investments flow into our country for future expansion. It'll surprise some people, but we would not like to be as reliant as we are for investment from Bay Street. And in Alberta we're going to get huge investments, the kind that Premier Bourassa was talking about, in the development of our heavy oil, our oil sands and our conventional oil. And we're going to be able to provide those products at market prices, not artificially low prices dictated to us.

And I want to set the record straight on energy. The Free Trade Agreement opens up and secures markets for our energy. It does not create a continental energy policy. Provincial constitutional responsibility for resources does not change. Alberta will own, control and manage her resources. The resources belong to the people of Alberta, will be managed on their behalf by their government, the Government of Alberta, as we do now.

Companies, whether they are Canadian or from anywhere else in the world, if they wish to invest in Alberta, have access to our resources, must play by the rules that the Legislature of Alberta sets.

We feel that many of those who object believe -- and I understand their philosophy, they don't hide it -- they believe in intervention, they believe in restrictions. They believe they must have the central government helping them to

be competitive. I say, trust the strength and resourcefulness of your people. Trade, enhanced trade allows the Canadian people and businesses to flex their muscles, become efficient and compete anywhere freely, shakes off governments.

Prime Minister, over time, people will get to know the complexities of this agreement. There were a group of people from Ontario talking to me the other day and saying yes, but we must know the written details, and they will. But I did ask them, do you know the details of the Auto Pact? There were eight of them and not one of them knew the details of the Auto Pact.

It's whether it works, not where the commas are.

While we're waiting for everyone to understand this agreement, what should they base their judgment on? I say base it on your vision of our country, because what is your vision of Canada? Is it a vision of a country that's unable to compete, that's timid, that lacks courage, that needs subsidies, needs protection, believe if you trade with someone you lose your sovereignty and your identity without confidence, or is your vision one of a nation that's strong, independent, aggressive.

One that seeks and needs markets. It looks at trading as an opportunity to expand and grow, and provide jobs and futures for our children and able to compete with anyone. And above all, a country and a people that are confident and very happy to be Canadian.

Prime Minister that's the vision of Canada that Albertans have. I trust we move in those types of direction today and provide the leadership to our nation.

Thank you.

The Chairman: Thank you Premier Getty. Thank you.

Finally, to the newest member of the Confederation because this is just so the audience knows this is the manner in which the speaking arrangement is set out. To welcome Premier Peckford, please.

The Hon. A. Brian Peckford (Premier of Newfoundland):

Thank you Prime Minister. Well the last shall be first, I guess. I know we're all hungry and want to move on which is always difficult for us to come and speak last but we do it and present our views nevertheless.

First of all, as other First Ministers, I want to thank Premier Peterson for his hospitality and welcome Mr. McKenna to our ranks and congratulate him on his contribution today as the newest member of the club.

Let me get right down to the business at hand. We in Newfoundland come here today, Mr. Prime Minister, with a greater degree of confidence than we have in recent years. Economic performance in our province has been positive this past year, several sectors of our economy

are performing better than they have in a number of years. This is the case, of course, as we've all seen across Canada. Economic growth is steady, unemployment is dropping at a regular pace, inflation and interest rates are not currently a source of great concern.

Despite this progress, however, or rather because of it, or because of the increasing concentration of economic activity in Central Canada, the regional imbalances in our economy have widened. In Newfoundland and Labrador our total personal income is larger than our total gross domestic product. Our income is greater than our output because of transfer payments. Our relative position within Canada in terms of per capita economic activity has barely moved in 30 years.

These imbalances and disparities are hardly new. I have spoken about them at every First Ministers' Conference I've attended since 1979. I hope the day will come when future Premiers will not have to address that issue. The resource-based economy in Newfoundland and throughout Canada is being transformed. Forces are reshaping comparative advantage and competition positions everywhere. Government policy must deal with these trends and their economic and social consequences head on.

As a matter of national policy, all parts of Canada must have the opportunity to respond effectively to these trends. We must take every opportunity to pursue growth and development that will close the gap between our depressed economic status and the national average. I will return, of course, to this theme again tomorrow when we get into economic development.

Now I would like to turn to the free trade

agreement, a topic very germane to the theme of addressing regional economic imbalances.

There has been much said here today on the merits and drawbacks of the proposed agreement. My colleagues have also spoken to Canada's national sovereignty and the interests. I would like to bring to you the perspective of Newfoundland and Labrador on this great national debate. And it is, Mr.Chairman, a great national debate as we've seen here this morning. Let us not shrink from it.

Since I have been Premier I have had the privilege of contributing to other substantial debates about the future of this country. There has been tension and heat in these debates to be sure, but I think they have allowed all Canadians to expand their vision of their country and to mature as a result.

You know, and most people in this room know, that Newfoundland has long been an advocate of freer trade. This position has been for reasons well known to all. For centuries the Newfoundland economy has been tied to the international economy. In fact, a piece of history might be relevant. In 1889 Sir Robert Bond, the Colonial Secretary of the Dominion of Newfoundland signed a free trade agreement with the United States Secretary of State James Blaine. At that time, Britain alone could ratify trade agreements signed by the Dominions.

The Dominion of Canada intervened and protested vehemently against the U.S.-Newfoundland Agreement. This led to a British veto of the deal in 1891. Shame on Canada.

I can only hope that similar interest will not, a century later, once again prevail.

Almost all the goods produced in Newfoundland today are produced for export. Of these exports about three-quarters go to the United States.

What local protection Newfoundland had for manufacturers of consumer goods we mostly gave up when we joined Confederation or Canada joined Newfoundland in 1949.

Since then Newfoundland's dependency on international markets has remained. At the same time, we were subject to a trade policy within Canada which imposed a heavy cost on our consumers but provided few benefits to our economy.

It is important to underline in our debate about the future benefits and costs of a Free Trade Agreement that Canada's past trade policy also has had benefits and costs. Trade policy up until now has been represented by a tariff policy. I was particularly impressed by a Canada West Foundation examination of the regional distribution of the costs and benefits of Canada's tariffs which confirms our own views on the subject, fully 50 percent of the benefits of the current policy accrued to the Province of Ontario, but only 30 percent of the costs.

In Quebec, costs and benefits were fairly balanced. However, the Western Provinces, Newfoundland and the Maritime Provinces were the clear losers. In these provinces the cost of this national policy exceeded the benefits by a factor of almost two to one.

That policy, Mr. Prime Minister, conferred a \$2,000 subsidy on every manufacturing job in Canada. Since almost 80 percent of the manufacturing jobs were in Ontario and Quebec it was over the years a very effective regional economic development

policy for these provinces paid for by all Canadians. It is not surprising therefore that many Canadians who have benefitted in the past from this protectionism wish to hold onto the status quo.

Thus, Mr. Chairman, Newfoundlanders have traditionally supported Free Trade for two reasons: First, for assured markets for our export dominated economy; second, for the benefits of cheaper consumer goods. For these reasons as well, Mr. Chairman, we supported you in your bold and historic initiative to negotiate a Free Trade Agreement with the United States. We supported you two years ago and at every meeting since then because we share your view that Canada needs comprehensive free trade with the United States now to ensure the continued growth and development of the Canadian economy.

The objectives of the Government of Newfoundland as provided to the Federal government two years ago coincided with your own objectives for Canada in these negotiations. We sought expanded access and secure access to the U.S. market. We sought the elimination of tariff and non-tariff barriers. We sought a fairer trade remedy regime and we sought access to U.S. technology and investment.

When we supported this initiative we also kept in mind that we could not compare Free Trade with the status quo of previous trade policies. Rather, the alternative is increased vulnerability and increased insecurity in our largest export market to the detriment of the entire Canadian economy.

Based on our agreement of these alternatives Newfoundland has no choice but to support Free Trade. It can provide us with an expanded access to the United States market. It can give us greater security in that market. It can provide for tariff and other barrier removals and it can improve access

for investment, technology and services. Thus Newfoundland's long term interests are for free trade. It should improve the investment environment, increase output and employment in our main export sectors of fish products, forest products, minerals and soon petroleum products. Industrial imports of consumer goods will be cheaper, resulting in further economic activity in employment growth.

Mr. Chairman, as you stated in St. John's just last week, Newfoundlanders welcome the prosperity that may come our way as a result of free trade. Newfoundlanders also welcome American investment and participation in our economy. We look forward to investment from all sources. In the fishing industry, forestry, hydro, off-shore oil and gas, marine technology and the other development opportunities in our provinces. All of these sectors are made more secure within improved access to the United States market.

As Premier Devine has said and others today, U.S. multi-national auto manufacturers have invested \$4 billion in the Oshawa - Oshawa is getting a lot of attention today - of Ontario alone since 1980, I've just got to get there.

That investment came to Oshawa because the automobile sector has guaranteed access to the United States market. This is the kind of economic benefit we need if there are to be jobs for young Newfoundlanders in the next decade and beyond.

I would like to refer as well to the importance of Free Trade to national unity. I share the views of those who feel that the Free Trade deal represents a clear break from the past.

Do we stay in our old ways which were comfortable for some but very clearly not comfortable to us?

Or do we set forth on a new course? I think that Canadians are up to the challenge to compete in North America and the world. We will not lose our national integrity as a result.

Free trade can contribute to economic growth and employment in every region of Canada. It will strengthen, not weaken, our national unity.

However, we in Newfoundland do not see free trade as the panacea for all of our economic problems. Free trade will contribute to growing prosperity, but it cannot be the only strategic policy by which governments in Canada promote evenly balanced growth and development.

There are other initiatives that can and must be taken to ensure that objective, and I will speak to those tomorrow.

That having been said, Mr. Chairman, we come to an assessment of the specific practical draft Agreement reached on October the 4th.

When we match our overall objectives with the Agreement reached last month, it must be said that the Agreement is not perfect. We, like others, are disappointed that the negotiators were not able to go as far as we had hoped in the area of trade remedy process.

We are naturally concerned that regional development did not receive an affirmative commitment in the Agreement. In this regard, Mr. Prime Minister, I appreciate the assurance you have made to me personally that the Government of Canada will reaffirm and retain its commitment to regional economic development in this country.

Mr. Prime Minister, you are aware of my longstanding concern and firm position that the Free Trade Agreement must not undermine our ability to control the export of unprocessed fish. This has been highlighted by the recent GATT ruling in respect to herring and salmon on the Pacific Coast.

The Free Trade Agreement must confirm our ability to control the export of unprocessed fish.

In addition, sir, I have concerns with the energy section of the Free Trade Agreement. My initial concern was with the impact the Agreement would have on the ability of the National Energy Board to regulate electricity exports.

Our assessment is that the authority of the Board will be weakened significantly by the Free Trade Agreement.

I will talk later about the implications this has for the development of the vast untapped electrical energy potential of Labrador.

I have had reservations with other aspects of the Agreement. We have had protracted discussions on these points. Both you, Mr. Prime Minister, the Trade Office, and other Ministers in your Cabinet, especially Mr. John Crosbie who sits next to you there now.

I have been assured and now understand that the final legal text will reflect accurately and truly the principles that are contained in the elements of the Agreement which was reached with the U.S. in early October. It is on this basis, Mr. Prime Minister, I am prepared to endorse the principles of the draft Free Trade Agreement.

We intend to wait until we receive the final legal text before we can give our full and complete approval to this arrangement.

Let me return now for a second to the question of market access. I hope everybody in this room and Canadians

will bear with me, and I know we've been here a long while, but it's very important, I think, for all of us.

We do not have market access for electricity now. We are not concerned on this point because we oppose free trade on electricity. On the contrary, we are concerned because we support free trade in electricity.

The Churchill Falls contract is recognized throughout Canada as intolerable.

Mr. Prime Minister, you have yourself stated in your book "Where I Stand", that "The inequality and absence of fair plan in the contract is obvious."

You stated further that, "Simple decency in the most elementary spirit of justice demand its immediate renegotiation."

Similarly, Mr. Chairman, Premier Bourassa has recognized this in his excellent book "Power from the North", when he said that: "A complete solution to the Churchill Falls situation should involve a political agreement so that both parties are satisfied that they are partners in a fair exchange."

We are one of the two parties, and we certainly do not feel that we are a partner in a fair exchange. Premier Bourassa went on his books to say that a new government --

The Chairman: Did you get those books, Brian? Would everybody make a note, get those books on the Christmas List.

Mr. Peckford: We'll pay for them and send them out.

The Chairman: I already have.

Mr. Peckford: Every library in Newfoundland has got to have one!

Premier Bourassa went on in his book to say that a new government in Quebec "... could make the type of overture to Newfoundland which would set in motion the process of binding up the wounds."

I am open to that process and invite you, Mr. Prime Minister, to be a party to that healing process, as well.

We are not only talking about the Churchill Falls contract, as important as that issue is.

We are also talking about the inability of Newfoundland and Labrador to freely develop its remaining hydro-electric potential. Sites on the lower Churchill River have been recognized as among the most economical and environmentally acceptable sources of energy in North America. These sites have not been developed. We have not been able to negotiate export contracts for electricity without transmission access through Quebec.

Despite numerous discussions at every level with our neighbouring province over the last 15 years, we are no closer to development of new Labrador hydro today than we ever were.

Western Canadians, Mr. Getty, Western Canadian oil and gas is transmitted by pipeline across provincial boundaries, there are no barriers imposed on this energy trade. Manitoba does not require that Saskatchewan sell its oil to them before passing it through to Ontario. Nor does Ontario say to Alberta we cannot let you have access to the Quebec market unless we first develop all of our own energy potential.

I was interested to note at a recent energy conference in Newfoundland that the spokesman for Quebec emphasized the importance of his province having access to Western Canadian energy.

There must be free trade in Canada for all forms of energy otherwise the benefits of free trade and market access for energy development, whether in domestic or export sales is restricted to those who control the gateways to the marketplace.

Mr. Chairman, you have stated on a number of occasions your willingness to mediate between ourselves and our neighbours in Quebec and the Labrador hydro issue. You have also indicated the desire for a comprehensive resolution to our mutual benefit in Newfoundland, Quebec and all of Canada.

If we are to have free trade, let's have it for all Canadians. It is tragically ironic that as we loudly proclaim the benefits of freer trade and there are many, one part of Canada remains a prisoner and therefore a burden on the rest of Canada being denied the right to trade freely in its hydro-electric resources while other parts of Canada reap the rewards of trading freely with their energy resources and ours. Strangling in this yoke of unfairness we are asked to support freer trade of electricity with a foreign nation before we have it in our own country.

And even in this predicament, and put in this corner, we want to support freer trade and will if the principles are translated down into a legal text consistently. We want to support freer trade because in the broader national view, as well as the global view, as opposed to a narrow insular provincial view, it is a sensible proposition to pursue.

To conclude, Mr. Chairman, let us move on in our discussions later today and tomorrow to make progress on all fronts to improve the equality of opportunity we seek for all Canadians.

Thank you.

The Chairman: Thank you Mr. Premier very much. I remember as if it were only yesterday, some years ago saying to Mr. Bourassa at the time, do you really think it's

a good idea for us to write these books. But I thank you, Brian, very much for the intervention and we've all taken good note of your comments, as we have with all of the colleagues.

We've been at this for I think over five hours, there is nothing more complex or challenging than this kind of important discussion on an economy, national economy, as extensive and as complex as that in Canada. And I want to, particularly with the challenge that lies ahead in regard to international trade --

So while we won't be in public this afternoon, we will be meeting in other areas. We'll meet again tomorrow morning but before we do --

Au nom du Gouvernement canadien puis, je présume, au nom de tout le monde, j'aimerais remercier tous les collègues pour des interventions tout à fait étoffées et impressionnantes sur un sujet absolument vital pour le Canada.

Comme le réclamait le Premier ministre Ghiz, il s'agissait, à mon sens, des interventions de la plus haute tenue et de grande qualité.

So I want to thank all of our colleagues for maintaining what is a tradition of vigorous debate, serious exchanges of views on important matters, but with a kind of tone of respect that allows these conferences to become increasingly effective in the national interest.

So thank you all. Bon appétit. A tantôt.

--- Adjournment / Ajournement

ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unrevised)

Morning Session of
November 27, 1987

COMPTE RENDU TEXTUEL

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Séance de l'avant-midi
du 27 novembre 1987

--- 09:15/09h15

The Chairman: Colleagues, may we begin, please?

Colleagues, we are to the Friday morning agenda item and we will follow the same procedure as yesterday. The session this morning is on economic development with a national rather than perhaps international implications, some consideration of that.

Immédiatement après, il y aura le déjeuner de travail, suivi d'une séance à huis clos. Et il y aura, suivi de tout cela, une conférence de presse pour clore les séances.

Yesterday afternoon, the First Ministers considered an unprecedented number of ministerial reports on fisheries, procurement, regional development, science and technology, as well as the status of women, and the labour market, among others.

I am tabling these reports as Conference documents and they will be released to the public. The confidential Report on Foreign Overfishing was not made public due to some of the implications for ongoing international negotiations.

I want to reassure the First Ministers that I have been advised that pursuant to our discussion last evening that all of these documents were again vetted by officials, and that the sequence of release is in keeping with a formula or timetable agreed upon. So, they should be made public, I suppose, momentarily, and also made available to the Press.

To any of the Premiers who had some questions, I just wanted to reassure you on that and ask if there are any further concerns before we begin this morning?

Mr. Peckford: There is a summary report being made public?

The Chairman: Yes, there is, Premier Peckford. Thank you.

Premier Getty, I think that you had expressed a concern, and I just wanted to be sure that you were satisfied -- that your officials have reassured you?

Mr. Getty: Yes, we are.

The Chairman: And Premier Peterson has raised some questions that, as his suggestion as well, we will address at lunch and we can comment on those, I suppose, at the Press Conference. So, if that meets with -- Mr. McKenna?

Mr. McKenna: Yes, I just wanted to remind you, Prime Minister, that we have filed a private document, as well, and would like one tabled today; a study that was done that is germane to some of the issues that were raised and it's on the question of educational opportunities for Girls' and Boys' Commitment to Sex Equity in the School System.

The Chairman: Agreed, Premier. And when you decide to intervene this morning, please table the document at that time and we'll receive it on behalf of all colleagues.

Thank you very much.

Alors, ça va?

Premier Ghiz?

Well, last year, in our general discussion as economic development and, of course, that touches all kinds of headings and all kinds of interests that vary from province to province and region to region -- but it's all within the framework of a First Ministers' Conference coming together, trying as best we can at the end of each year with a view to looking forward to the next to seeing where we have -- what our track record has been, and what we can do within the parameters of our own responsibilities to harmonize our initiatives as a country to make sure that we're not functioning "aux antipodes" in our questions of national policy to try and be as helpful as we can in regard to setting an important and consistent course for economic development.

I mentioned yesterday, and I believe it to be true, that apart from everything else, the value of this conference is because we do live in a Federation. There are different areas of jurisdiction which you've harmonized to the extent humanly possible -- give us a better kick at the cat in terms of achieving results, and you can be certain, I think, that if relationships are soured and if the well is poisoned, then paralysis sets in to this procedure and the economic cooperation is just about out the window.

And so, I thank colleagues again for their very important contributions yesterday, and as we will have the opportunity to comment on the quality of a lot of the unsung work that has gone on at the ministerial and the official level over the last 12 months pursuant to instructions received from First Ministers.

Last year in Vancouver, the First Ministers made a commitment to improve the procurement practices of our governments emphasizing regional balance and economic growth, and the Report on Public Sector Procurement Initiatives submitted by our Ministers follows through on this commitment and identifies specific proposals for future action to create jobs all across Canada.

Accordingly, we would encourage Ministers to carry on their work plans on this basis. The Report of the Federal-Provincial Task Force on Regional Development Assessment was prepared by officials and Ministers. It reviews the effectiveness of our regional development programs and makes recommendations for action, many of which have been implemented in designing the Atlantic Canada Opportunities Agency and the Western Diversification Office.

In both of those cases, particularly the Atlantic Agency in Charlottetown, in series of meetings that we held with the Atlantic Premiers, this Agency was designed from the ground up by Atlantic Canadians and not imposed from the top down by bureaucrats in Ottawa. It is located in Moncton with sub-offices throughout the Maritime regions, and 90 per cent of those decisions affecting that billion dollars and more in terms of regional development expansion, can be made there with an absolute minimum of red tape which has been cut by some 90 per cent, and these are the results of the initiatives we talked about in Vancouver and the same kind of plan was introduced in Western Canada.

The discussion paper that we have on science and technology examines a number of issues related to research and development efforts including the appropriate roles

of the public and private sector.

It suggests measures that would improve Canada's capacity to meet the challenges and opportunities of technological change and thereby promotes further steps towards a more competitive economy.

The very important reports entitled Towards a Labour Force Strategy: a Framework for Training for Women is a progress report on work discussed in Vancouver. I am especially pleased to endorse a further work program related to Work in Family Responsibilities, and to acknowledge the leadership of my colleague, Premier Peterson, in this sensitive area of our national life and to encourage continued action by Ministers in 1988.

Only after women are full participants in our work force will the Canadian economy realize its full potential.

En septembre, le Groupe de travail national sur l'Environnement et l'Economie qui est constitué de représentants des secteurs public et privé, de divers groupes de citoyens et d'universités, de collèges de tous les pays a fait rapport aux ministres.

Ses recommandations visent à favoriser un développement économique soutenu, c'est-à-dire nous assurer que l'utilisation actuelle de nos ressources ne sera pas en mesure de compromettre notre développement futur.

Nous avons, hier, approuvé ce rapport en principe et encouragé le Conseil des ministres à poursuivre le travail qu'il a entrepris en vue d'établir un plan de développement économique axé, comme le mentionnait le Premier Ministre Pawley, axé -- dis-je -- sur la préservation de l'environnement et fondé sur la coopération entre le secteur public et le secteur privé.

We must encourage economic growth in harmony with our environment. We believe that the two are not mutually exclusive and our policies very much in cooperation with the provinces demonstrate that.

This perspective on the economy and our environment is evident in the agreement, and I can underline it I hope, evident in the very important agreement that the Government of Canada sign with the Government of British Columbia pursuant to direction and leadership provided there by the Premier of British Columbia to create the South Moresby National Park.

I hope it's evident as well in the care we're taking in inviting proposals for a fixed link between Prince Edward Island and the Mainland, if it goes ahead with the plebisite, that we will proceed only when we are satisfied collectively that we are protecting the environment in general and the fishery in particular.

We are already asking Islanders for their views. The Minister of the Environment, another exceptional Prince Edward Islander, Tom McMillan, in cooperation with Premier Ghiz, I suppose, will be working on that plebisite, because we're all concerned as Canadians to preserve the Island way of life which is a valued national heritage.

These working sessions, in my judgment, demonstrate to Canadians that we are cooperating in a wide range of public policy areas, and that as a result both our policies and our programs are more effective.

Ultimately, it is the people of Canada, all of the people of Canada in every region of the land who benefit from our common purpose and who suffer most from squabbling and blindsiding that comes from various provincial and federal expressions from time to time in the past.

D'éviter cela, c'est important. Ce que nous faisons aujourd'hui, c'est le fédéralisme coopératif. Monsieur Pearson en parlait et il le prêchait et il le vivait aussi. Ça ne fait peut-être pas toujours les manchettes mais si vous lisez les rapports, vous vous rendez compte qu'il reflète les aspirations des Canadiens, et vous avez alors le sentiment que les Premiers ministres et leurs collègues travaillent pour bâtir un meilleur Canada.

Voilà donc pourquoi nous sommes ici. Peu importe nos ~~allégeances~~ politiques ou les régions d'où nous venons, nous sommes ici pour bâtir un pays plus prospère et plus uni et nous avons la preuve d'un degré de collaboration inusité: onze Premiers ministres représentant quatre formations politiques différentes qui ont donné leur accord à un document fondamental pour l'avenir du pays, l'Accord du lac Meech.

Je me permets d'ouvrir et puis de fermer une parenthèse tout de suite en vous parlant de la fierté nationale que nous avons ressentie le 3 juin, alors que tous les Premiers ministres, et de façon spéciale le Premier ministre du Québec, a apposé sa signature sur un document d'unité et la pierre angulaire de toute croissance économique au Canada.

Un pays unifié et seul un pays uni est en mesure de connaître une expansion vraiment remarquable au niveau économique.

Alors voilà, hier nous avons jeté un regard sur l'économie mondiale, notamment les perspectives qui s'offrent au Canada dans le domaine commercial. La séance de ce matin nous donnera l'occasion de faire le point sur la performance de l'économie canadienne au cours de la dernière année et sur les perspectives de l'avenir.

The results are pretty clear. They come not from the action of any given government, they come from progressively concerted action by all governments. Initiatives coming from across Canada.

Most of all, they come from the Canadians themselves, spirit of enterprise, and I tell you the actions and the results are pretty impressive.

Among the G-7 industrialized countries, the leading seven industrialized countries in the world, the Canadian economy has grown faster than any country in both '86 and again in the first half of '87.

Five-year mortgage rates have fallen by nearly three points, so that a Canadian homeowner with a \$50,000 mortgage saves now about \$100 a month on his or her payments.

The five-year rate on farm credit loans has fallen by two points, not enough, but it's fallen by two points. And realized net farm income has increased by nearly a quarter, notwithstanding the very real problems in the unfair situation in which Canadian farmers find themselves because of lower commodity prices and the U.S.-European agricultural subsidy trade wars.

We've had half a million new housing starts in the country. Retail sales have risen by nearly a third since the fall of '84.

Business investment has been a major source of strength in our economy this year. In the first half alone it's up by over 10 percent.

The unemployment rate in Canada, and we touched upon it yesterday, has fallen from 11.7 percent in September of '84 to 8.4 percent last month, a decline of more than three points.

Canada has the fastest employment growth of any member of the OECD, 24 industrialized nations in the world. We're creating jobs at a clip that is faster than countries in the OECD with twice our population.

France and the United Kingdom are just about twice our size in terms of population and yet we are creating in real terms more jobs than those supposedly vibrant economies which indicates, I think in some ways, how well Canada can do. A million jobs in the last three years. And I described the quality of those jobs yesterday.

We went in the late seventies and early eighties through a trend and it's very important when you talk about the quality of life and we talk about social policy, I think

that the best social policy that you can have, the best social policy is a job. Jobs bring dignity, and dignity and self-worth unites families and families create this country.

So, if we've created a million new jobs together, 90 percent of those jobs are full time, reversing completely a trend in the late seventies and early eighties where 85 percent of the employment created in the country was part time. Over 50 percent, some 55 or 56 percent, of these million new jobs have been for women; and surely that is a major contribution to the social policy that we all seek.

What is most encouraging is that youth unemployment has declined from 18.3 to 13.2 percent. In three years the decline, in excess of 5 percentage points.

I suppose if any one of us or all of us have a given problem and a constant worry, it is the youth.

Yesterday, Premier Peterson raised the need for all governments to work together and to ensure that young people get more opportunities to train for job skills. The Premier was dead on in terms of the special degree of co-operation that's required in that area.

Premier McKenna, yesterday, in his opening remarks I thought dramatically illustrated the dimension of the problem for our youth by referring to what appears to be an unemployment rate for youth still in excess of 20 percent in New Brunswick generally, which I suppose, Premier, means that in areas of New Brunswick it's even dramatically higher than that, in the northeast and so on.

Premier Devine also spoke of our youth in very personal and effective terms. The problems of Canada's youth were also discussed at the recent meeting of Federal-Provincial Labour Market Ministers in St. John's.

Nos ministres, y compris le Ministre de la Jeunesse, l'Honorable Jean Charest, qui est avec moi aujourd'hui, ont alors convenu que le plus sérieux problème pour les jeunes au Canada, aujourd'hui, est la transition de l'école au marché du travail; que beaucoup trop de jeunes quittent l'école pour finalement se retrouver chômeurs ou bénéficiaires de l'aide sociale. Collectivement, les gouvernements, représentés autour de cette table, dépensent des milliards de dollars dans ce domaine. Certains ministres, de Terre-Neuve, de la Colombie-Britannique, de l'Alberta, de la Saskatchewan, je pense, ont particulièrement bien accueilli la proposition du ministre fédéral de la Jeunesse que nous établissions ensemble les plans d'une stratégie compréhensive pour aider ces jeunes, et que nous fassions en sorte qu'aucun jeune canadien ne demeure en chômage contre son gré. Nous voulons, avec toutes les provinces, établir une stratégie reliant les interventions fédérales et provinciales à l'objectif d'agir mieux et plus efficacement.

I think, Colleagues, that we've got to build on this mood of optimism and progress and take the necessary measures to ensure that our young people are equipped to take advantage of opportunities that will present themselves in the new and changing economy.

I think that we all agree that creating interesting employment opportunities for youth in every region is one of the creative challenges in the public policy process in Canada today.

While recognizing that more needs to be done in every area of our economy, this year I am particularly pleased to note that growth is not limited to Central Canada.

As recent improvements in commodity prices have worked through our economy growth has spread across all of our regions. Employment has grown and investment intentions have strengthened in all regions since the spring. Unemployment rates have fallen right across the country. In Atlantic Canada unemployment has fallen from 17 per cent to 13.3 per cent in the last three years. In Quebec unemployment has declined from 12.9 per cent to 9.8 per cent and I believe that Premier Bourassa remarked yesterday that this is the first time in some seven years that unemployment in Quebec had declined below 10 per cent, which is an accomplishment of some considerable note.

In the West unemployment has fallen from 12.4 per cent to 9.5 per cent and I think it's healthy to point out, and encouraging to note, that three of the Western provinces are right up at the top of the class in terms of low unemployment after the Province of Ontario, of whose expansion we're so proud. So the West is not being left out of economic growth. The unemployment rates are coming down everywhere, not as much as we would like. In fact, last year, British Columbia had the best job creation record in Canada.

And here in Ontario unemployment has fallen to 5.7 per cent and in Metro it's fallen to below 4 per cent to 3.9 per cent. So there's good news everywhere, not just in one area of the country.

These are encouraging signs for all areas and for all regions. In its growth Canada is developing greater fairness and that's got to be a positive signal, an encouraging indication for all First Ministers.

Since our last Conference in Vancouver, the First Ministers can feel, I think, a sense of accomplishment in some shared achievement.

In November '84 the National Government had sought to go back to the basics seeking to get the rules right, because if we don't get the rules right in every part of the country they're not going to work in any part of the country. And I laid out yesterday everything that we have tried to do in deficit reduction and low interest rates and regional development, and Western development initiatives, and Northern Ontario initiatives and so on.

But that is why, for example, comprehensive tax reform has been a priority for the Federal Government. Our tax reform proposals brought in by the Honourable Michael Wilson will result in lower taxes for eight Canadians out of ten and for nine out of ten senior citizens. It will eliminate 850,000 Canadians from the tax roles completely. The tax system needs broad changes to achieve the key goals of fairness, growth and competitiveness. We need a tax system that supports our effort to promote economic renewal and create jobs.

In the pursuit of comprehensive tax reform the Government has put a premium on consultation with the provinces and with all interested Canadians. This commitment to working together with Canadians will continue as we turn to the search for the best possible sales tax system for the Country.

Finance Minister Wilson will be meeting with his

colleagues on these matters, I understand, within a few weeks. I think the date is December 10th, a meeting of Finance Ministers. And I know that some Premiers in private meetings have expressed interest in some of these areas yesterday.

Joint efforts have also been necessary this year to promote regional equity. In the Atlantic the issue is development. In the West the issue is different, it is diversification. As a result we think that some of the right tools are now in place.

I have referred to the Atlantic Canada Opportunities Agency, to the Western Diversification Office, as well as to the Northern Ontario Development Fund, and to our co-operation with the provinces in all of these areas. Our aim is to ensure that these initiatives are tailored to regional interests and needs. For too long key decisions on regional development were made far removed from the areas of the problems.

Les gouvernements du Canada ont non seulement les instruments voulus pour favoriser le développement régional, mais aussi les ressources requises pour parvenir à des résultats concrets. Les dépenses fédérales, au titre du développement régional, seront maintenues à leur niveau actuel, et de nouvelles ressources de plus de deux milliards de dollars y seront ajoutées dans le cadre de nos changements institutionnels.

Nous devons rétablir la justice et l'équité économique dans toutes les régions du pays.

La question des obstacles au commerce interprovincial a pris une importance particulière dans nos discussions d'hier. Nous allons en rediscuter ensemble pendant le déjeuner.

L'objectif de créer un marché commun canadien, libre de toute entrave, est d'autant plus important que nous venons tout juste de négocier un accord de libre-échange avec les Etats-Unis. Il serait évidemment ironique qu'il y ait plus d'obstacles au commerce à l'intérieur du Canada qu'à notre frontière avec les Etats-Unis.

Au cours de la dernière année, le secteur agricole a dû faire face à des situations difficiles.

The Federal Government will continue to do everything within our power to seek early results in the multilateral trade negotiations promoting fair agricultural policies.

In Tokyo, and at the G7 in Venice -- first in Tokyo, Canada managed to get this debilitating trade war issue on the table for the first time. My plea was simple and straitghtforward, you people, the Europeans and the Americans may have treasuries vast enough to pursue the logic of collective bankruptcy but Canada can't. We don't have pockets that deep enough to compete eternally in this kind of a war.

And the size of the deficits in all of the countries grew in proportion to the contributions to sustaining an incredible vexatious destructive agricultural war between the United States and Europe.

We managed, as our agenda item, to place a sensible discussion for the first time in Tokyo. It followed up with initiatives in Venice. It's now working its way to the GATT with the Cairns Group that was put together of the agricultural-based countries affected by this under the leadership of Miss Carney and Charlie Mayer, who have done an exceptional job. And we have begun the process. We've gotten to the point where the President of the United States, for example, with some 26 or 27 billion dollars of new subsidies since 1980 for a declining agricultural community, has now declared his intention on behalf of the Government of the United States to seek their elimination by the Year 2000, in some 14 or 15 years.

That's the beginning of wisdom. But we've got a lot of problems between now and then, because just imagine the enormity of the subsidies and the ferocity of the competition -- subsidized competition seeking entry into our traditional markets for our farmers that we're up against.

This is a pretty serious matter.

So, today, I want to tell our grain farmers that the Federal Government will make an announcement before Christmas on special support to you for the 1987 crops.

Our commitment to the Canadian farmer is unshakeable; support to agriculture has increased by 350 percent since I was sworn in as Prime Minister of Canada.

There has been an increase in three years of 350 percent to the agricultural community.

The exceptionally unfavourable market conditions from falling commodity prices to the ruinous U.S./European agricultural trade wars have made it imperative that we take such action as we can to assist our farmers.

I've said before that when the farmers are hurting, the nation is hurting. The problems of farmers are the problems of all Canadians. Maintaining the Canadian family farm is absolutely essential to maintaining the Canadian way of life. And rest assured that we're going to do so with the full and active cooperation of all Provincial Governments, because the commitment of Provincial Premiers is no less emphatic in this area than my own.

En prévision de l'avenir, le gouvernement fédéral s'est lancé en 1987 dans de nouvelles initiatives passionnantes axées sur l'innovation et la poursuite de l'excellence. Nous en avons discuté hier et il n'y a pas de doute que ces initiatives recevront encore plus d'attention dans l'année qui vient. Pour accroître la compétition au Canada, nous devons mettre au point de nouvelles techniques et les diffuser le plus rapidement possible.

Que ce soit au travail ou à la maison, presque tous les Canadiens ont été touchés par l'évolution technologique.

Pursuant to our commitment in the '86 Throne Speech, the Government established the National Advisory Board on Science and Technology.

This Board, along with similar advisory panels in several provinces, should permit Canada to benefit fully from the ideas of the nation's foremost scientists, industrialists, entrepreneurs, labour and financial leaders, as well as academics.

Hier, nous avons reçu le document énonçant la politique nationale sur les sciences et la technologie élaborée par nos ministres. Ce document constitue une solide assise et nos gouvernements examinent ensemble les possibilités d'action les plus prometteuses dans ce domaine.

A ces initiatives s'ajoute la Conférence nationale sur la technologie et l'innovation, une conférence des plus importantes qui aura lieu ici dans la métropole de Toronto à la mi-janvier.

Grâce aux nouvelles orientations que prennent ses efforts pour appuyer le développement des sciences et de la technologie au Canada, le gouvernement fédéral est maintenant en mesure de concevoir de nouvelles initiatives axées sur la poursuite de l'excellence et d'autres formes d'investissements dans l'avenir des Canadiens.

Together, I think, Colleagues, we can put the right policies in place for achieving results from and expansion for our research and development efforts.

Our post-secondary education system is critical to achieving excellence in innovation and research.

The nation depends on post-secondary education as the infrastructure for Canada's knowledge base; the base that ultimately supports innovation and excellence.

Provinces shared, at another important indication of federal-provincial cooperation in Saskatoon the other day, a few weeks ago, shared information and were able to benefit from each other's experiences and assess our preparedness -- which, by the way, is not overwhelming for the 21st Century.

I'm delighted that these discussions will be pursued when the Council of Ministers of Education meet in February.

The pursuit of excellence in research and development and in all dimensions of our society requires that Canada's social policies and institutions fully support the pursuit of economic renewal.

For many women and families, child care is the key that will open the door to future equality. It will make participation in training courses possible. It will offer the chance for productive employment and help close the economic gap between men and women.

Your national government has consulted widely on a national child care system over the past year. We have received the special report of the Parliamentary Committee.

Nous avons écouté les groupes d'intérêts. Nous avons largement consulté les parents et de façon spéciale il y a eu des consultations énormes avec les provinces sur une base soutenue.

Nous sommes maintenant prêts à passer à l'action. Le temps est venu de poser un geste majeur en vue d'accroître l'accessibilité, la disponibilité, l'équité et la qualité des services de garde d'enfants. Le ministre fédéral de la Santé, l'honorable Jake Epp, rencontrera ses collègues provinciaux la semaine prochaine pour mettre au point les derniers détails de cette stratégie.

In a time of fiscal restraint, the restraint being so absolutely vital to the economic renewal that we are all seeing, it's starting to take hold and the profile of this economic renewal is visible across the country and we've been talking about it in real terms.

But not withstanding that in times of fiscal restraint the Government of Canada is going to be committing considerable resources to child care. This child care strategy will fully demonstrate the federal and I believe, the provincial commitment to developing and expanding a comprehensive national child care system in this nation. We will share the responsibility for child care with provincial governments. We will give parents a choice in their child care arrangements.

In all of these ways we will demonstrate our commitment to investing in the future of Canadians and thereby promoting a level of excellence that will secure future prosperity. Let there be no question that the capacity of governments to work together is crucial to the success of Canada's economic and social programs now and in the future.

Les Canadiens ont besoin de politiques économiques et sociales flexibles qui puissent être adaptées rapidement en fonction des changements qui surviendront au fil des ans.

Nous voulons bâtir un pays capable de rivaliser d'excellence avec ses meilleurs concurrents.

A country on the leading edge of the new technologies, a country poised to take full advantage of the trading opportunities that exist in the Pacific Rim, a country that fully exploits not only its natural resource base but the wisdom and the skills and the human talent that exists in all regions of Canada. A country capable of creating not only jobs but better jobs, more interesting jobs for our youth, for our young people. And lasting prosperities for their tomorrows. A country where working women achieve full equality and dignity. And I suppose, most of all, a country capable of creating the necessary pool of wealth to maintain our unique system of social programs from Medicare to Old Age Assistance in a coming era when more and more Canadians will be relying on that safety net. You can't borrow to pay for it, you can only do that indefinitely.

The only way we are going to be able to maintain the integrity of all of these programs, that we all support so much, regional development programs, human assistance programs, unemployment programs, for the aged and the dispossessed and the needy, which goes to the very core of how we would define Canada. The only way that we can do it is not on borrowed money, not by sharing a smaller pie, but by generating new wealth in real terms to ensure the rock solid integrity of those programs. For an aging society which will be drawing down more and more on the needs, their needs in human terms, and that are going to have to be financed not by slogans but by a solid economic structure that is growing in real terms, capable of sustaining and throwing off that new wealth that will sustain the needs of those programs.

And so that's the challenge of economic development, that's what it's all about. I said yesterday, unemployment is not a problem for anybody in this room, everyone in this room has a job. It's for all of the rooms outside here where they don't have jobs, and the younger people who are looking for jobs, that we have an obligation. And that means in real terms some powerful economic growth, and new directions, and new challenges, an acceptance of change and a sense of daring and commitment and saying, there is the 21st Century and what larger role is Canada going to play in it. Because only by playing a larger and more daring role can we accept the kinds of responsibilities that can come our way and can provide the powerful growth of which we are capable that will make us an even better country.

Most of all a country celebrated for its economic achievements and its social compassion. A country that's open to the world and a country that's prepared to accept the challenges.

So here in Toronto today, in this great city, and at future conferences, First Ministers must build together a competitive, vigorous Canada, that values excellence, that rewards accomplishment and that secures prosperity for future generations.

And I think colleagues that while the First Ministers' Conference is not per se an economic instrument, it is a condition precedent successful First Ministers' co-operation and conferences are in our Federation a condition precedent to developing the kinds of plans that we've all talked about and we all dream about, to provide the kind of Canada that all of us believe in so deeply.

So my thanks to you and I welcome all of your participation in this debate on economic development for Canada

and for all of the regions of Canada. We agreed at lunch yesterday that there was no particular speaking order today, but I would be happy if any Premier - the Premier of Ontario yesterday graciously at lunch waived his historic right to intervene at this point in time, it's a temporary waiver, only for this moment.

Mr. Peterson: I can intervene at any time if there are inappropriate remarks around the table!

The Chairman: I think the smallest but not the quietest.

Mr. Ghiz: That's right.

The Chairman: I think it's entirely appropriate, go ahead.

Mr. Ghiz:

Well Prime Minister, I thank you for this opportunity to further our participation in this debate. There are many things that I can talk about that affects the economy of Prince Edward Island. I wish to deal with a few issues today.

I want to start perhaps with our fishing industry and to put it in the context of talking about the distinctiveness of Prince Edward Island.

Our economy is principally made up of three industries. They are agriculture, fisheries and tourism. We have no oil, we have no gas, we have no hydro-electricity, we have no minerals, we have no mines, we have no pulp and paper. We have farming, we have fishing and we have tourism and we have the ingenuity of our people that make up the backbone of our economy.

Our Island, unlike Newfoundland, has no natural harbours. No harbours that are protected by rock. Our Island is surrounded by ever-shifting sand. Sand that attracts tourists in the summer time, sand that the people of Canada love to come and soak up the sun on. But that sand also creates real life threatening situations for our fishermen.

Our fishermen because of the constant shifting of the sand, because of the tide and wind conditions are often confronted with, and are confronted with now, unsafe harbours. Harbours that at low tide and a good wave can mean a beached vessel or an overturned boat.

You know, Prime Minister, the North Shore, which is one of the great tourist attractions really of Canada, Stanup, Cavendish, Brackley, Cove Head; that North Shore in the time of the sailing ships use to be a graveyard for many ships.

One of the famous ships that went down on the north side, during that sailing area, I'm sure many of you will recognize the name, was the Marco Polo.

So I ask, Prime Minister, where does the Federal government come in? The Federal government has the unquestioned

obligation and responsibility for maintaining our wharfs and harbours.

Our wharfs and harbours are unsafe. In many ports along our coastline, the existing wharf has been posted as unsafe. This is intolerable. The Federal government's response in many situations is that there's a shortage of money, but I say, Mr. Prime Minister, there's no shortage of money. There cannot be a shortage of money when it comes to dealing with people's safety, more emphasis then is needed for dredging and for the maintenance and upgrading of our many small craft harbours around the coastline of Prince Edward Island.

Equally as important is to look after the vessel when it comes into port. That means adequate on-shore facilities including ice and grading stations.

Now, Prime Minister, you should not think that we are asking the Federal government to act alone. Let me give you one example of what we are doing to help our fishermen: We are exploring ways and means of assisting fishermen to ensure that their vessels are safer at sea. We want to see vessels that are safe and that can fish further from home so as to get their fair share of the cash.

So, in our jurisdiction we are helping fishermen with safety at sea. We ask the Federal government to help our fishermen with safe harbours and wharfs, remove the signs that the port is closed because it is unsafe and allow our fishermen the opportunity to obtain their fair share of the bounty of the sea.

In another area, Mr. Prime Minister, as you're well aware -- and I am happy to see Senator Lowell Murray here this morning -- get a little plug in for a little regional economic development here, Mr. Prime Minister.

The ERDA programs are essential to the continued development of our Province. The ERDA program has been an excellent program for Prince Edward Island and we thank the Government of Canada for the many successful ERDA's that have been negotiated. But I must tell you, Prime Minister, that these ERDA's are expiring by and large this year and next; and we are now in the situation where we have to start our long term strategic planning and we must begin now, today, the negotiations of a new round of ERDA's. We can't wait until the 11th hour in order to achieve this end.

Let me give you but a few examples of what the ERDA's have done for Prince Edward Island and what they must continue to do.

In fisheries it's meant improved quality of fish. In forestry it has meant the revitalization of badly degenerated woodlands.

Just to tell you how important the forestry is to Prince Edward Island. With your Minister of Energy, the Honourable Marcel Masse is here today, we have now established a program through the ERDA and forestry whereby we burn enough wood in Prince Edward Island to displace about \$19 million worth of oil. That means a lot for Prince Edward Island. I know Alberta would like to sell the oil to us, but we can't afford it, sir, and we have to use some of our wood to displace oil.

In transportation, the ERDA's have meant an upgrading of our roads. You know the red soil that makes Prince Edward Island so prominent throughout Canada and the world really; the red soil that Anne of Green Gables talks about, that red soil does not provide a solid base for roads. There's no rock, there's just that red mud. And what that

means is that our roads are in a constant state of disrepair, they are constantly breaking up and we are constantly obliged to put additional money into roads that were built just last year and the year before.

Mr. Pawley: Thank God for the colour anyway.

Mr. Ghiz: The colour is very nice and it goes with our red lobster.

The Chairman: But you said red mud, Joe.

Mr. Peterson: Better than blue fuzz.

Mr. Speaker: As long as no one makes a comment about the wine.

Mr. Ghiz: In farming, Mr. Prime Minister, the ERDA's have meant improved technology and are helping us to achieve self-sufficiency in grains and to add value to our products.

In industrial development it has meant that additional work can take place at Georgetown shipyards; it means that there's assistance to our small businesses, as we are involved in the transfer of new technology.

So we look forward, Mr. Prime Minister, to continue negotiations with your Federal Ministers to ensure that the ERDA program is continued to be delivered in Prince Edward Island.

Moving to the subject of electricity, we have made the encouraging of processing industries a major strategy of industrial development.

Processing industries that can locate in the rural areas of our Province are essential to our development. They provide stability to farming and fishing by providing a market at home. They add value to the provincial economy and expand our provincial revenue base. But a major limitation to the development of this industrial sector is the cost of electricity in Prince Edward Island.

Our electricity costs for industrial, commercial and household users are the highest in Canada. Two years ago when energy prices peaked, we paid more than three times the national average for electricity.

That agreement, the federal-provincial agreement to provide industrial assistance expired in September of this year. There has been a minor extension for a few months because of some unused money under the program. But, Prime Minister, it's absolutely essential for Prince Edward Island to have electricity pricing parity with the rest of the country. It's not fair that we should pay three times the national average. Our people cannot afford it. Our food processors are suffering. We need a long-term solution to electricity pricing so that Prince Edward Island is able to participate in the mainstream of Canadian life.

It's a real burden, Prime Minister, when you see a family of four in a bungalow, paying \$100 or \$120 a month for electricity when people on the other side of the Northumberland Strait are paying \$40 and \$50 a month.

Our people cannot afford it, our processors cannot afford it. We urge the Federal Government to work with the provinces to establish what we consider to be a long-term solution to the problem and that is a national electricity grid.

In farming, Prime Minister, we're working hard to alleviate the problem of farm debt. We have the problem in Prince Edward Island as many other provinces do. Just within the last week, we have announced a first-only program in Canada. For the very first time our Provincial Land Development Corporation will involve itself in what we call a Lease-Back

program whereby our Land Development Corporation will purchase land back from farmers who are unable to keep it because of the pressing and crushing burden of debt, and then make that land available back to the farmer at a leased rate that will give the farmer the option to purchase the property at the end of the lease.

We are doing what we can to address the problem of farm debt, but we need help and assistance, as the other provinces do as well, for a joint federal-provincial program that will alleviate this very pressing problem that goes to the root of what has made Canada the strong farming country that it is, and that is the family farm.

In commodity prices, Prime Minister, we must work hard together to improve returns to farmers. But in the long run, what our farmers need most is an effort on conservation. We need a bi-lateral conservation Accord that will help the process of conserving for future generations the very important farmlands that we have.

The proposed Accords will provide information and capital assistance programming to overcome soil erosion, drainage, and other conservation-related problems.

Prince Edward Island has developed, Prime Minister, the first ever Provincial Conservation Strategy in the country, and we're very, very proud of it, and it was brought into operation, Mr. Prime Minister, through the hard work and the ingenuity of my colleague on my immediate right, The Honourable Gilbert Clements who is responsible for the environment in Prince Edward Island.

But, we look forward, Mr. Prime Minister, to continued cooperation with the Government of Canada in order

complete and implement a Conservation Accord that will be federal and provincial.

I want to say a few words, Prime Minister, about some of the initiatives that we've taken to provide for more access and fairness and equity for women in the work force.

We introduced at the last session of our Legislative Assembly a Pay Equity Bill. That Bill is presently being considered by a intersessional Committee of the House that will report back when the House reconvenes and we intend to pass a Pay Equity Bill in Prince Edward Island that affects the public service.

The government is making a conscious and concerted effort to appoint more women to Boards and Commissions and places of authority within the province.

I'm happy and proud to be the Minister responsible for the Status of Women in Prince Edward Island, and I enjoy working with The Honourable Barbara McDougall. It was the unanimous decision of the Caucus.

We, Mr. Prime Minister, look forward to the increased entry and activity of women in the work force.

Like other Provinces, we have noticed the increasing numbers of women entering business life as entrepreneurs.

We have also noticed that, like their male counterparts, most are involved in the service sector of the economy.

However, government-assisted programs have not been able to adjust to the different requirements needed to encourage further development of the private sector. We would encourage special pilot programs aimed at an investment in people entering the service industries.

And I'm sure, with the hard work of Senator Lowell Murrar through ACOA, that we will be able to develop something there.

I'm happy, Prime Minister, that you have today referred to what goes hand in hand to make it easier for women to enter the work force and that is a child care policy. We look forward to continued work and association with the Federal Minister in order to ensure that we have a fair, equitable, accessible child care policy in Canada.

I might say, Mr. Prime Minister, that in our own small way, in Prince Edward Island, we have taken a lead; we have taken an initiative in that for the first time ever in our province we have started just in the last year of providing maintenance grants to day care centres.

But we do look forward to working with the Federal Government on a national child care program that will provide much equity into the system.

With those few remarks, Mr. Prime Minister, I will conclude. I thank you for the opportunity to participate in this debate. I look forward to continued cooperation, to continued close assistance with the Federal Government to ensure

that Prince Edward Island is involved in the mainstream of economic activity in Canada.

Thank you very much.

The Chairman: Thank you, Premier. I have made a particular note of watching that energy situation in Prince Edward Island because it came up, of course, in 1984.

I was honoured to participate in an agreement which, I think, reduced substantially the unfair differential on electricity in Prince Edward Island. I think we first signed an ERDA agreement of \$18 million. And then there was a DRI arrangement of direct contribution to business start-ups in Prince Edward Island of some \$6 or \$7 million.

Yes, but we have four-pronged program going at it now over a period of some ten years that we're both looking at. I think that you're on good ground in pointing out this differential, Premier, and it's one of the first things I did as Prime Minister was on behalf of the people of Prince Edward Island to work on that problem, and we've begun to resolve it.

So, I thank you for mentioning that because it's an indication of the kinds of unfairness that creep into our system in which this Conference is very useful to try and reduce. I thank you for that.

May I ask the Premier of New Brunswick, please, who will be making his first appearance in terms of economic development in a province that has traditionally a lot of difficulties and I warmly again invite Frank McKenna to proceed.

Mr. McKenna: Thank you, Prime Minister and Colleagues.

Monsieur le Président et mes chers amis, c'est un plaisir et encore je suis très fier d'être ici en cette capacité. C'est très spécial et mémorable.

I want to say first to my colleagues, Joe Ghiz, if you would come back for a second, I want to talk to you for a second.

You've talked about your island and, of course, the subject on everybody's lips is the Fixed Link Crossing, and I just wanted to say a special word to you on that.

People forget that if you decided that the Fixed Link Crossing is going to be built, it's New Brunswick that you will be hooked onto. I just want to say that we would welcome that, if that is the decision of the Island.

There's a great deal of respect and friendship and kinship and solidarity between not only our government, but our people and I just wanted to let you know, and the people of Prince Edward Island know, that we understand how special this debate is, how historic it is, and how meaningful it is. And whatever decision that you make, we'll respect it, and respect it deeply.

Good luck with your deliberations. I know it is not easy.

Mr. Ghiz: Thank you very much. And we look forward to welcoming New Brunswick joining Prince Edward Island.

Mr. McKenna: Well, that puts a different light on it, of course.

You can understand the position I'm in, Prime Minister, on one side with the giant of Quebec and on the other side with the mouse of Prince Edward Island, both trying to swallow us up in New Brunswick.

Ce n'est pas facile!

But to get right to it, my remarks are really motivated by the paper that we discussed yesterday and filed today, and that's the development of regional development

programs -- the assessment of those programs. And contrary to some of the reports that I saw today, the way I read it and, in fact, I don't think you can truthfully read it any other way, the conclusion was that, in fact, monies expended on regional development represent an efficacious use of money. It's been a good investment, but there hasn't been enough money spent. The figures are less than three percent of federal expenditures have been spent, and that for that money there's been a pretty good result; not as high as expectations, but not bad results.

And in that context, I wanted to speak on the subject of regional development with the clear message in mind being that funds properly spent and properly directed can have a benefit.

You talked as well, and it goes hand-in-hand about unemployment and the dignity that's associated with working.

Moi je suis d'accord, c'est vraiment une question de dignité. La question du travail, c'est une question de dignité. Et dans la province du Nouveau-Brunswick, c'est particulièrement vrai parce qu'il n'y a pas seulement une équité entre la province du Nouveau-Brunswick et le reste du Canada, mais à l'intérieur de la province.

Comme vous le savez dans le nord-est de la province, il y a un taux de chômage de presque 30 pour cent; c'est totalement inacceptable, et c'est vraiment une question de dignité, de fierté et de dignité et en ce qui concerne la jeunesse c'est particulièrement vrai. C'est le commencement, le commencement d'une carrière et c'est particulièrement nécessaire d'avoir l'accès d'un emploi.

I know that I made the first move in the chess game yesterday with respect to the youth unemployment situation and you've taken me on today and I want to challenge you again, since we do seem to share a very real concern with that, that in fact we empower our officials to commission a particular report, or particular mandate on that subject with a view to achieving a policy and a hope of full employment for youth in Canada. And I would hope that that could be one of the conclusions from the Conference.

I should say I applaud your Minister who is carrying that ball very effectively for the Federal Government, Mr. Jean Charest.

I want to speak briefly about the inequity, and you have to understand in stark terms, because the figures really don't mean all that much, but what it means is that in our area, and I'm sure in Mr. Peckford's and Mr. Buchanan's, sometimes the best hope that people have is to get ten weeks, and ten weeks for those who don't know represents enough weeks to get stamps. And that becomes their hope.

In Ontario, at the same time, there are virtually newspaper advertisements going out looking for people to fill positions. And I want to say, like Premier Devine said yesterday, I envy that. While we have 13 per cent unemployment you have 5 per cent, 5½. But I envy that, I'm not jealous of it but I do envy it. All we want to do is have a chance to share some of that very same kind of pride.

What we know in New Brunswick, and I think what we all know in the Maritimes now, is that simply throwing money at us will not resolve our problems, giving us even 15,000 or 20,000 dollars each in transfer payments, it's not what we want. What we want is work, the opportunity to

work, to create opportunities. We simply don't want handouts, we really want a hand-up. And that's why your initiative on ACOA is right, it's well received and I believe it has potential working.

That's why I share Premier Ghiz' concern about ERDA's and successor ERDA's because that represents mutual priorities setting and I very strongly urge commitment by the Government of Canada to ERDA's and to successor ERDA's which are important instruments to us.

But I want to go beyond that a bit and appeal directly to you, Prime Minister, and say that we in the Maritimes need not just one or two instruments but a whole arsenal of weapons if we're going to tackle this problem. And I appeal to you, because having walked the streets of Antigonish and Chatham, both two fine towns, I believe you understand the way in which this issue impacts on us.

What I'm trying to say is while we're negotiating ERDA's on the one hand, and working on ACOA on the other, things are happening which have a negative impact on what we're trying to do.

We know in order for us to achieve the kind of equity that we want, that we've got to have a better quality of education and infrastructure. We know that simply throwing a car plant in isn't enough; we know that we have got to raise our skills; we have got to improve our education; we've got to improve our infrastructure. We know that instinctively.

But in the meantime, just as much as we know we have to be better educated, we know that when there's a reduction in the growth of EPF funding for education that it hurts us particularly hard. We devote more of our GDP to education and it hurts us. In a sense, it ends up blunting some of the effectiveness of the other instruments that are being used.

And similarly in the case of health care, we have to devote more resources to health care, as a result of reduction in the rate of growth; resources which we have to divert from our economic agenda and it hurts us harder.

And when we in New Brunswick try to be innovative and introduce a program of de-institutionalized care, it hurts us even harder because we've become ineligible for federal funding. So, it's an anomaly that I would appeal to you to address.

Similarly -- and I refer this to my Honourable friend from Newfoundland -- on the one hand we're working with ACOA to produce jobs and ERDA to create jobs, and on the other hand, we end up losing a thousand jobs in Moncton when the shops are closed.

We have a commitment from the Federal Government that there would be no massive layoffs, yet every person there has lost their job. It's massive. And it has to be

addressed. And just as we turn around and we loose the shops and there are cutbacks in the transportation in the east, we find that traffic is being diverted to our highways, it's off of the railways now and on the highways. We've had a 38 per cent increase in truck traffic on our highways in the last three years. We have 550 kilometres of Trans-Canada in New Brunswick, 40 per cent of that is currently over capacity, and we face increasing diversion of traffic to that route, the route to P.E.I., and Newfoundland, and Nova Scotia, and it's in absolutely terrible condition.

We need help with that infrastructure if we are to really prepare the base for further economic expansion.

And, Prime Minister and other Premiers, I tell you that we do not come here today as supplicants looking for crumbs from the table that you sit at. We come here as equals simply asking for the opportunity to share and to accept the responsibilities and to accept the burden as well.

We feel that we can do business in Canada. And we feel that when we do business, it's good for the rest of Canada. A case in point is the Frigat Contract, the last Frigat Contract that took place. Even though New Brunswick received the contract, we ended up with, in the area of 38 per cent, of the total benefits. Quebec, although they didn't receive the contract, received 41 per cent of the benefits. All of the electrical components, for example, were done by Paramax in the City of Montreal, and that demonstrates that when we do business in New Brunswick or in the Maritimes, it ends up being good for the rest of Canada.

There's a tremendous amount of leakage. By

leakage, I mean that every dollar that we spend in Atlantic Canada ends up trickling back to usually Central Canada in some way or other. We don't get the total impact of that dollar. A lot of it leaks back, and that's why money that is invested in our infrastructure is a good investment not only for us, but for you as well, because that money does assuredly come back. There's a big magnet in the centre of Canada that just pulls money back to it, and we have to fight that magnet all the time.

So, I'm not asking for generosity at all. The West Premiers, I believe, know what I'm talking about. We're simply asking for the opportunity to do business in Canada.

Mr. Prime Minister, we know that all the beautiful car plants that are going into Ontario and Quebec and other major industries, there's a place for them there and we're not asking for that, but there are areas that we can do business on and we want to do business in those areas.

I just want to conclude by saying and repeating the theme I'm making. I truly believe that we're walking down the right path with the flexibility that you've introduced into the regional development programming and the comprehension that those programs are needed. But I ask that Government consider, in a much more holistic manner, consider that what you give us with the left hand, you can take away from us with the right hand if you're not careful. And for that reason, I ask you to be vigilant and us with you to ensure that we really do achieve success and equity in Canada through these programs. Thank you.

The Chairman: Thank you, Premier McKenna.
As Prime Minister, I travel the whole country to see what's

going on in northeastern New Brunswick, areas of Newfoundland, northeastern Quebec, some areas of Western Canada, the interior of British Columbia, and if you comment on it, sometimes you're accused of exacerbating tensions. It's simply a reality that we're all trying to correct, and you, quite eloquently, Premier, point out the fact of life, as you put fifty cents in St. John and 25 per cent of it is going to come to Central Canada. You put a dollar into the oil industry in Alberta and exactly fifty cents of it is going to wind up back in Central Canada.

And I suppose that's part of our strength, a great strength. I've never heard anyone around this table ever suggest that you have to diminish the strength of one region to build up the strength of another; not at all.

All people are trying to articulate is a sense that the higher level would be a better level for everybody. And what you're saying, Premier, is that you and your people want a fair chance to try and get there, and I can assure you that the Government of Canada is going to work intimately with you in the areas that you've mentioned to try and achieve that together.

I thank you for your thoughtful remarks.

May I turn to the Premier of Alberta, please.

Mr. Getty: Thank you, Prime Minister.

It's pretty clear when you talk about the economy and economic development in Alberta, you'd have to acknowledge that over the past two years that Alberta has been badly hurt.

The impact on our economy of the international events that have hurt agriculture and energy, have been deeply felt in our province. And, of course, that also ends

up having quite a dramatic impact on your budget. And our province of two and a half million people, as I said yesterday, has had to deal with a \$3.5 billion deficit.

When your foundation industries of agriculture and energy are hurt, it flows automatically through to your construction industry, your real estate industry and your small business and your financial institutions.

The Chairman: Excuse me, Premier Getty.

In the media and elsewhere, may I ask -- there will be a break after Premier Getty finishes his remarks. May I ask you to hold off until then, please. The First Ministers will be available to you, we'll break for a few minutes. Meanwhile, please cease any conversation going on at the back of the room.

Premier Getty, please.

Mr. Getty: Thanks, Prime Minister.

I was saying that when you have foundation industries badly hurt, you soon find that that flows dramatically into your construction, real estate, small businesses and financial institutions.

And when the people are hurt, the government must help them. I know we've discussed that as First Ministers, people who have been hurt in our agriculture, we have to help. People who had been in the oil and gas when it was down, had to be helped. People who were caught up in the financial institution failures had to be helped.

It's ironic that just the greatest strain on a province to help is when your own financial affairs are so badly impaired with shortage of funds and a huge deficit.

Agriculture has been the number one priority of our government in Alberta and it remains that way. We've done everything we can to work with agriculture to come through the down turn which is impacting so heavily on our grains sector.

What we've tried to do here is make sure that they are with us and healthy in the future when your international efforts pay off in convincing people the foolishness of the huge subsidy programs in the European economic community and the United States.

What we've tried to do, since we can't control those selling costs, is help with input costs. The cost of money and the cost of energy are two huge input costs for agriculture and we've helped as much as we can in those areas. It's been something we could do in energy because we are the energy province and the cost of money we've been able to provide some \$2 billion to stabilize agriculture's debt problem as they go through this down turn in Alberta.

We've also tried to make sure, working with the Federal government, that we are providing the safety net of -- twin safety nets -- of insurance and stabilization.

I think people in agriculture have to know that there is a limit to their down side risk, that when they put a crop in each year and expand a herd, that there is some limit that their house, their home and their families won't be completely taking a risk and therefore there should be some safety net and we consider that our federal-provincial insurance and federal-provincial stabilization programs are extremely important.

Now, we've also had at the time that agriculture was suffering in the grain sector, as you know the large energy problem with international prices. We felt that we had to help there and we put in some \$1 billion of incentives in royalty reductions. We did have, and are receiving, help with the tax situation, both in the flow-through shares because capital is needed so much, it flees when you have problems and it's needed so much for our comeback in the energy area.

We've also -- in Alberta, too often people think of us as big oil, when really Alberta is a Province of small businesses. We've had to help our small businesses get through this dramatic down turn. And when you help small business and as they start to strengthen, and they are strengthening again in Alberta, you realize what an engine of growth they are and the jobs they quickly provide and how resilient and tough small business people are. We are seeing that happening in Alberta now and we did provide a billion dollars of assistance to them and they have responded very dramatically.

And as we talked about yesterday, when you are trying to help your economy, you have to make sure you don't lose sight of your people programs. And Alberta of course has, what we consider to be, the highest level of excellence in people programs; whether it's health, social services,

senior citizens programs, education. We must maintain the health of those programs.

Well, coming from that bad two years, as I said yesterday, we can see now that our Province is coming back. It's extremely important at this stage that we have stability and policies we can count on, and it's key that our tax, our transportation, our fiscal policies and markets -- as we talked about yesterday -- don't change. Those things that are working leave them and allow them to work. Those thing that aren't working we can change them and make them better.

I was particularly interested to see your reaction yesterday about the need to leave in place the things that are helping us now in our conventional oil and gas industry. We have an ability through the flow-through share svstem to attract capital to our small oil and gas producers. They need it.

We have the program that we developed with Mr. Masse of the exploration and development incentive programs. They are working, and I think it would be extremely foolish now just as we are coming out of this downturn to change them.

So, Mr. Prime Minister, I hope you will make sure that Mr. Wilson will not be making changes and I understand the principles behind his tax reform, but it's the wrong time to make changes if we're counting on those policies.

And of course, that's true with agriculture as well.

Now, I was very pleased this morning when you talked about before Christmas an annoucement of assistance to our producers. We'll want to work with you to see how that develops, but I know that Premier Devine and I, and Premier Pawley have been pushing very strongly for assistance in the

grain sector. I'll urge you to have your Minister of Agriculture work with our Ministers to make sure it's as effective as possible.

One of the things that we must be careful about is that so many of the problems that impact on our economy are beyond our control. Let's not do those things that are within our control and have hurt ourselves. We must not.

While we bring back the strength of our agriculture industry and our energy industry, we are fighting in Alberta to diversify as I talked to you yesterday. I think in any diversification it's extremely important that you do it on the basis of your strengths.

We've identified in Alberta our strengths, in addition to agriculture and energy, our tourism. Premier Ghiz talked about tourism and his lovely Province. Well, we have a magnificent Province as well. Very beautiful mountains and plains and cities and streams. And of course we have the additional assistance of the Olympics coming. We've put great emphasis on tourism to diversify our economy. We've created a new Department of Tourism; it's funny, we never had one in Alberta. We have one now because we're serious about diversification. And our tourism is responding dramatically. And it's going to soon challenge, and this is interesting, soon challenge energy and agriculture in its size and impact in our province.

We've set a target of bringing it from a \$2 billion industry this year to a \$10 billion industry by the mid-1990's. It's an ambitious target, but it's one we're determined we're going to hit.

Another industry in Alberta that we are pursuing aggressively -- as I called it yesterday -- in our first fight to diversify, is our forestry resource. Because I guess people have talked so much about Alberta's oil and gas industry, they've

lost sight of this tremendous forest resource we have. And in a way perhaps at times our government has in the past too.

In Alberta, we don't just insist that people replace our forests when they harvest them. We're actually growing forests where they were never grown before.

So, we're actually increasing our forest resource.

And again, we've, for the first time, created a Forestry Department and we have given them the mandate to make this a much bigger part of Alberta's economy. We've been working with the Federal Government in that area.

It is paying off. We have four major forest projects either now underway or about to go in our Province. And those projects could have gone anywhere in the world and we've gone out and fought for them.

You're going to see in the future that forestry is a much bigger part of Alberta's economy.

A third area which I consider really exciting and Premier Peterson was talking about it yesterday, is this whole area of research science and technology.

We have in Alberta a unique partnership; a partnership between our private sector, our universities, our technical colleges and the government, and this partnership is working and we're making breakthroughs in research and science and technology.

What Alberta is doing in medical research is probably the largest area of medical research in North America, perhaps in the World, and the breakthroughs when you visit the scientists, the researchers who are working in our province, the breakthroughs are actually breathtaking -- the kinds of things that they're able to do. And that, of course, pays off and pays off all over Canada.

So, Mr. Prime Minister, the message I am giving to you and my colleagues and people of Canada, is that Alberta

is coming back. Alberta is coming back not just in agriculture and energy but on a broader basis; it's science, it's research, technology, tourism, forestry -- a much more diversified base. But to do it as we come out of this terrible turndown we've been in, we must count on complimentary policies on a national basis.

We must know that your tax reform won't set us back. We must know that the Western Diversification Office, as I said yesterday, fulfills its promise. It was the right move at the right time.

But we announced it in August. We still haven't had a project. My Minister is sitting beside me, my Minister of Economic Development and Trade works very closely with Mr. McKnight.

But we have to have our efforts now start to flow across our province in additional diversification.

So, as I challenged you yesterday, make sure that the will your Government has expressed flows through the bureaucracy and the administration and actually has its impact on the people.

The other thing we're looking for, the challenge that is before us is, in our agricultural area, this deficiency payment, I hope that you're talking about and I know we've been urging the Federal Government to provide will help, is in the area of transportation.

Premier Vander Zalm and I corresponded with you about what we think is a better way to handle the Crow Benefit Payment.

Now, there are differences of opinions in Canada about that payment, but agricultural producers in our Province think it should be handled differently; that it should go right to the producers, not to the railroads.

Now, accepting there's a difference of opinion, then what we have proposed -- British Columbia and Alberta -- is let us test it. Let's take a three or five year period of time and let's run a pilot project. Let Alberta and British Columbia pay that benefit directly to our producers. Let's have the flexibility to leave the others as they are, and then let's see whether we're right or they're right; and let's see how it works.

I think that's a challenge to a Federal Government because it's a degree of flexibility that is sometimes difficult to work into national programs.

But we think in this case, we've researched it, we think we can. And Premier Vander Zalm and I will be following up with you on getting the Crow Benefit paid to our producers where they can decide what to do with those dollars.

I guess there's one final thing that we need to work on with the Federal Government in the future to make sure our economic development continues and that is, as we were talking about yesterday, the huge investments that we anticipate coming into our heavy oil, our oil sands; natural gas, and conventional oil and gas.

We have currently before us a lot of work being done for a heavy oil upgrader. You know, we're producing a lot of heavy oil and we're selling it but we are taking the risk that the markets will be there in the future for heavy oil. There's no reason to believe they always will be.

But if we build now for the future, with a heavy oil upgrader, we'll be able to upgrade that resource and then it can compete in any oil market.

If we don't provide the ability to upgrade that oil, then we will be taking the risk the markets will end. Our heavy oil production will be dramatically hurt and we will lose one of the large areas of investment for our Province.

So, your Deputy Prime Minister and I and Premier Devine will be working along with Minister Masse in the coming days and weeks, but I urge you to make sure that we do not lose our thrust in this area.

Now, the other area that we still have in front of us is the exciting area of the oil sands.

Alberta has in its oil sands greater oil resources than all of the Middle East -- this huge store house that we hear about in the Middle East. Alberta has in oil sands more than that.

And we know how to produce them. We've proven that we can produce them, and produce them economically at today's prices. So if we have the resource, we know how to produce it. The world needs energy, our trading partner in the United States needs energy, right now they are running aircraft carriers up and down the Mediterranean to keep their life line of oil available. Think of the additional cost to them for that energy. Think also how they would like to have a supply by pipeline, over ground, secure from a friendly neighbour that would take the pressure off that oil from the Mediterranean.

So it's extremely important that the fiscal and tax arrangements, along with our royalty system allow the kind of development that is necessary in Alberta's oil sands.

Mr. Prime Minister, I've listened to my Premiers, colleagues, speaking yesterday and today about the challenges that they face. Alberta is pleased that we have worked our way through our downturn, and that we are now prepared to shoulder our share of the challenges that are facing Canada in the future, and of course our province. We are now again emerging as strong, confident, able to participate in the growth that you've been describing.

Despite all the resources and the mountains and the streams and the beauty of our province, and our forests and our oil and gas, despite all of that, the one thing that makes me so confident of Alberta's future, is the people of our province. Because they've been so resilient and tough, as we have gone through this downturn, that you walk about with them and talk to them and see the determination

on their faces and their ability to keep their eye on the potential of our province, rather than dwelling in the negatives that they've gone through, that I feel there is so much strength in our province, and it is the people.

So the challenge for us, then, is to work with the Federal Government and ourselves, to bring together the things that we can develop, match our resources with the strength that I've just talked about of the people, and then build for the future.

That's the challenge, Mr. Prime Minister, and we welcome your assistance at it.

The Chairman: Thank you, Premier Getty.

One of the historic challenges of the Canadian Prime Minister will always be the threat of alienation, be it from the East or the West. Western alienation has traditionally been a great difficulty in Canada and as Prime Minister I had the unique honour of insisting that the Federal Cabinet sit formally in Western Canada, that we meet in Vancouver and Saskatoon and Edmonton, we use those opportunities to meet with the Provincial Governments, to meet with you and colleagues. We've established this First Ministers' Conference that sits in Western Canada as well. And I have travelled Western Canada like I think no Prime Minister before, with the possible exception of Mr. Diefenbaker.

And one of the moments of great gratification for me as Prime Minister, and Mr. Mazankowski as Deputy Prime Minister, is to see this profile of accomplishment come together in Western Canada. We responded at one point in time with the largest deficiency payment in the history of Canada to the agricultural sector. And we have co-operated fully to give almost a rebirth to the energy sector in Western Canada.

And in technology and tourism, there's a lot more to do, but in terms of federalism working, it certainly can't work if an entire region of the country feels that they are being unfairly treated. And that had traditionally been a serious problem for Canada and I feel gratification, and I am sure all colleagues do, to see the country coming back in these important areas. And to see Westerners feeling not only part of the process but very much present in the federal decision-making process with decisions that are beneficial to this very important region of our country.

And so I thank you Premier Getty for that. Also it's nice to hear an optimistic review from a very, very important area of Canada which encourages all of us. And so we'll take a few minutes break and we'll come back I think with the Premier of Newfoundland.

Thank you, and then the Premier of Manitoba.

The Chairman: Premier Pawley, please.

Mr. Pawley: Thank you, Mr. Prime Minister.

I would like to extend to you first a few bouquets in the early part of my remarks. At first I was pleased to hear your indication that there will be an announcement shortly insofar as the efficiency payment to the farmers of Canada.

As Premier Getty indicated, it has been a continuing concern by the Prairie Premiers. The situation is, I need not tell you, becoming very serious, not just for the farmers, but the small rural communities certainly in Western Canada, and I want to commend you in that respect, and I hope that the decision will be -- the announcement will be made soon, and of course, we'll reserve further comment until we get the detail of that announcement.

In addition, I want to also say that I'm pleased, Mr. Prime Minister, that there's been indication that there will be an announcement shortly vis-a-vis a national daycare program. That is an announcement that we have been waiting for, for quite some time, and I would like to just emphasize that in the development and formulation of that program, we hope it will be based upon the ability to pay the financial where-with-all of all provinces so we can ensure that the program is administered as fairly and as equitably across the country as possible.

I want to just deal for a moment with the question of freedom to choose. I believe the most important aspect under childcare insofar as freedom to choose, is that we do a better job insofar as ensuring that the spaces are there, because in Manitoba -- I believe that probably in Manitoba we spend, certainly within the first two or three

provinces per capita, insofar as daycare, that we ensure the spaces are there so those families where the woman, must provide supplementary income, has the choice, has the opportunity, can obtain the space in order to ensure that there is an adequate childcare program.

So, I am pleased in respect to the indication that the announcement will be shortly. We look forward to that announcement with anticipation, stressing those two points that are very important, and I must say, Mr. Prime Minister, I believe this is going to be an important test of Meech Lake that the program is such that it reflects the diversity of our country, the different circumstances from one province to another, and the need to ensure that program is sufficiently flexible to meet those needs and at the same time ensuring that there is a universal daycare program.

So, I believe that the daycare program is one of the first important tests of the spirit that we entered into insofar as the development of Meech Lake and the vision of Canada that we share together as First Ministers.

I want to make a point that is of grave concern to us in Manitoba and I want to join in the comments by Premier McKenna.

I represent the only province in Western Canada that is an equalization-receiving province, and that is, I suppose -- Premier Devine, I believe, of Saskatchewan is also in the same situation temporarily. We want our situation in Manitoba as well to be a temporary situation.

I want to deal with some of the economic objectives and priorities that we are working on at the present time. But in saying that, I believe we are reaching a crunch

in the provision of health care in Canada. Our population is aging. In the Province of Manitoba, our population at 65 or over, I believe is the second or third highest by way of proportion of any province in Canada. We have a very large native population, increasing numbers of our native friends moving to urban centres, and as a consequence, because of the disproportionate need for health care in that area is increasing pressures.

Then we are faced with the understandable demands on the part of consumers and hospitals to develop new technologies, and to buy new technologies and new equipment, in order to provide health care.

Mr. Prime Minister, I believe that this is a challenge that confronts the Federal Government, confronts the Provinces. And I believe it is one that we must share 50/50. I'm thinking not only of funding, the funding is very important, that would be a shared funding 50/50 in order to ensure that there be universal, equitable health care right across Canada from one province to the other.

I believe also, and I believe that your national Minister of Health is quite conscious of this, that we do have to examine other ways of maintaining our health care system. I believe that some of the past approaches to health care have to be questioned and examined. I believe that we can no longer have a health care system that does not put enough emphasis on the preventative, that over-emphasizes the curing aspect of health care. That over-stresses the institution as against the community, and the homecare forms of health care.

So that, Mr. Prime Minister, we are presently engaged in the Province of Manitoba in studying ways and means and we are working co-operatively with your Minister of Health to face this challenge of how we can make our health care system more humane, how we can ensure that the people of Canada, who obviously have one of the best health care systems in the world, can continue to enjoy that health care system in the future. And it's going to be extremely important that we work co-operatively, federally,

and provincially in doing this, financially and by way of sharing ideas.

I don't believe that it's only Manitoba that has a health care crunch. I see Premier McKenna nodding positively that the same situation faces the Province of New Brunswick, Premier Devine in Saskatchewan, this is probably one of the most critical crunches that we are faced with.

Mr. Prime Minister, in addition I want to just relate back to the question of poverty and reducing disparities, region to region, family to family. In Manitoba we are working a number of areas to develop the strengths of our province. In recent efforts that we've undertaken in order to improve investment in Manitoba, we have found that clearly that we have to identify the strengths of our province, have to sell our province on the basis of those strengths. We need your co-operation and we're looking forward to co-operating through the Western diversification program, to build strengths in regard to food processing, with an agricultural base that we have in the province. To develop our strengths in respect to the creation of more energy-intensive industries in the province of Manitoba, as another important area.

And thirdly, health related industries.

And to that extent we commend Mr. recent announcement in regard to a Canadian Disease Centre in the city of Winnipeg, one that will be comparable, small in size but comparable to the nature of the thrust in, I believe, it's Atlanta. And I think that has been a very important move.

Those are three areas that we have targeted in the Province of Manitoba. I want to commend your Ministers who have been working with my Ministers, in attempting to work together to diversify our economy so that we can, Mr. Prime Minister, which we're all attempting to do, is move off the receiving end as far as equalization is concerned. So if we can't do it in the next few years, at least our children will be in a position to be self-sufficient.

And that brings me to the question of regional economic disparity which I think is the largest issue that confronts us all around this table.

Much has already been said and I'm not going to repeat that which has been said.

I was encouraged at the Meeting of Premiers in Saint John when we agreed that one of the most fundamental and important constitutional areas that we must discuss in the future is strengthening Section 36 of the Canada Act which deals with the promoting of the reduction of regional disparity from one part of this country to the other, which encourages regional economic development, which maintains the commitment to equalization, so that we can ensure that Canadians wherever they live will enjoy the same level, comparable levels, of health, social services, comparable tax rates wherever they live.

And I want to urge, Mr. Prime Minister, that collectively we work together soon because I believe that this is one of the most important items that we can be discussing at round two as we proceed along the way with our constitutional discussion. It's important to our vision of Canada, it's important to join and to unite Canadians as a whole, to ensure that we all as Canadians wholly share in the many benefits that exists of being Canadians.

So, Mr. Prime Minister, there's one other item that I would like to cover this morning, and that is the issue of women's economic equality. I think it's important that we do all we can and we have in the Province of Manitoba still a long distance to go and many years will still pass by before we've reached the equality that we are seeking. But to ensure economic equality for women, to remove women who so frequently end up in the ghettos of the work place, this is why we have proceeded in the Province of Manitoba the beginnings of pay equity programs.

I might mention to you, Mr. Prime Minister, I believe that the beginning has been successful. We feel that there's greater acceptance in Manitoba to the gradual development of the pay equity system. I'm pleased to hear of the advances that have taken place in Prince Edward Island and in Ontario in that regard.

We have, and our Boards and Commissions have not reached parity yet, but we've reached 40 percent of all representatives from Boards and Commissions in the Province of Manitoba being women. And 33-1/3 percent being the Chair or the Vice-Chair of Boards. There's still some distance to go but I believe that we've made significant progress.

We have a lot to do by way of affirmative action programs and that of course ties in very closely with the daycare announcement so that families do have choices, so the mothers of this country have choices. So many of them have sunk in the depths of poverty and the receipt of welfare that they can move from that level into ensuring that they are in a position where they have the choice to be in the work force.

So, Mr. Prime Minister, in conclusion, from the point of view of Manitoba the items that are important, first and foremost, your announcement in respect to the deficiency payment and help for the farmers; we await those details, it's critical. Secondly, insofar as the daycare announcement, it's important and I have to stress again and I think that the principles outlined are fair and reasonable.

I hope, Mr. Prime Minister, that those provinces, despite their financial where-with-all, that our spending amounts of money on a per capita basis that are quite high on daycare, will not be penalized in the final formula, but it will be on

the basis of ability to pay insofar as the payment to the national daycare program are concerned on.

I leave that with your Minister; I know that he's quite aware of my concerns.

The regional economic development as well and the need for us to refocus and move beyond lip service to constitutionalize this. And I don't care, Mr. Prime Minister, whether it's a New Democratic -- I care whether it's a New Democratic party government, I'd like to see a New Democratic government -- but regardless of the political strength of the government in Ottawa, I want them to be constitutionally bound, whether it's Conservative, Liberal or New Democrat or Don Getty Western Reform League, that we have -- that Province of Alberta is just bursting with, Mr. Prime Minister, with supporters from this Western Reform League these days.

Mr. Getty: Have you been reading my mail?

Mr. Pawley: That we ensure that future governments, future governments that not be as sensitive as expressions on your part this morning to the reduction of regional disparities that there is a legal and not just lip service, not just phraseology. And I have to say that this is certainly Manitoba's priority to ensure that that Section 36 is made legally binding. If we're not prepared to make it legally binding, I think we should remove it altogether, not fool Canadians, Mr. Prime Minister.

So, with those comments, I think that this discussion has been very, very constructive, a chance to share our views and work-together as Canadians to build a better, fair land for us all.

The Chairman: Thank you, Premier Pawley. As I had a chance to indicate it, en passant, to Premier Getty, one of the instruments or occasions of pride that I note is when you see the Manitoba unemployment rate drop to the second and third lowest rate. Just a tiny bit, but that's because Saskatchewan is coming on strong, but it's nice to know that Manitoba has been doing so well, it's unemployment rate is the second or third lowest in the country on a regular basis. That's pretty encouraging for, I think, all Canadians.

Mr. Pawley: We've got to get off your equalization rolls, Mr. Prime Minister, and I don't want our low unemployment figures to cloud the fact that we've got to, as a province, reach self-sufficiency and hopefully in a number of years, we won't be drawing upon the Federal Treasury.

The Chairman: Well I think, Mr. Premier Pawley, that if we maintain exactly the rhythm of growth taking place in Manitoba in the last three years, that equalization will not be a problem, there'd be low unemployment in Manitoba if we do that for the next three years, and with your help, I'll be delighted to be back here in three years to confirm that for you at a First Ministers' Conference.

Mr. Pawley: Are you suggesting that a New Democratic Party/Conservative coalition might not be a bad idea?

The Chairman: That is not to be excluded. I just want to tell you inasmuch, Premiers of Manitoba, the position of Governor General is being brilliantly fulfilled at the present time and shall be in the future.

Premier Peckford.

Mr. Peckford: Mr. Prime Minister, I want to piggyback on what Premier Ghiz and Premier McKenna were talking about before the break, to try to put it into as clear a focus as we can for the other provinces and for the Federal Government when it comes to talking about economic development, and more particularly, how that translates itself into regional economic development.

It is true that over the last year or so, as we look at the figures on the national basis, that the national economy has grown by about 3.7 per cent, unemployment is less than 9 per cent, inflation is down, interest rates are relatively stable, and I think it is only fair to say that the Federal Government, your Government, sir, has had a lot to do with that, and I don't think you've gotten the credit you deserve as a government for the positive impact, if you look at the economic figures across the nation, and as you've pointed out yourself yesterday and today.

As it translates into Newfoundland and Labrador terms, this past 1987, we've had an economic growth of 2.6 per cent, and I guess we can take some comfort out of the fact that our unemployment rate has come down from 20.4 to 17.1, when one startledly looks at those figures to somehow be proud of going from 20.4 to 17.1 leaves a little bit of a bad taste in your mouth because there's so far to go. At least we are, at the present moment, trending in the right direction.

However, it does tend to mask what has been happening over the last while, and I wouldn't like for anybody here to think that everything is rosy. It's a real, real problem.

Just let me describe three points to you which really point up that this growth in the last year is just a hiccup on the economic scene.

Newfoundland's share of economic growth in Canada is shrinking at an alarming rate. In the period between 1974 and 1979, Newfoundland's share of national growth was 2 per cent. Our share of national growth was 2 per cent '74 to '79.

From 1980 to 1986, it dropped to 1.4 per cent, the national growth.

We have the worst unemployment problem in Canada, we have the lowest labour force participation rate, and yet our unemployment rate is still more than twice the national average and triple the rate in Ontario.

And thirdly, despite massive transfers, which at best are a mixed blessing, we still have the lowest per capital incomes in Canada. If we strip away the effect of the transfer payments and examine earned incomes, the problem is much worse. Per capita earned income in Newfoundland, our incomes in Newfoundland, are at 55.5 per cent of the national average. When we joined Confederation they were 48.8 per cent. In other words, we have narrowed the disparity on earned incomes, its percentage of the national average, not the Ontario or the Alberta, the national average by 6.7 per cent in 38 years. It's taken us 38 years to go from 48

per cent of the national average to 55 per cent of the national average.

So, there is a big problem there which cannot just be disguised by a 1987 relatively good economic performance. And as we all know, that is a problem of monumental proportions for Canada and for our province.

Now, you can go two ways on this. You've either got to get serious about trying to put us to work, or you have got to get lessly serious and keep us on unemployment insurance and transfer payments.

If you take the former alternative and say you're going to put us to work as Canadians developing our resources from Newfoundland, then there are three major initiatives which have to consistently pursued over a fairly lengthy period of time.

And I think the three of them are and there has been a myth around Canada and it's been in publication put out by the academic community, as well as by governments, there's been a myth that Mr. McKenna is trying to dispell and Mr. Ghiz is trying to dispell, that the Report on Regional Economic Development that was submitted and now made public has made clear, as I made clear yesterday afternoon, that this whole ERDA process of subsidiary agreements somehow didn't work and we were just throwing money at the problems.

ERDA has worked, is working. And if you look at our forestry and mining industries, our tourism industries, what ERDA really is is an affirmative action program in economics. So, that we get our public infrastructure, we have a new gold mine in Newfoundland that is now operating -- a few months ago it started, our first gold mine -- that was discovered because really of a mineral development agreement because we didn't have all of our mapping done in the Province.

And that is a direct result of the subsidiary agreement on mineral development. So, those have to continue at their present levels and I know that you feel very strongly about this and assured all of us that it will.

Secondly, what we're now doing on ACOA is an extremely positive initiative because you will be directly putting money and incentives to the private sector. We have to build up our private sector. We have to make that very much a part of the engine of growth.

But the two have to go hand-in-hand because we're still very weak business-wise in Eastern Canada; very, very weak. And the two go hand-in-hand, one builds on the other, one helps the other. They're complimentary. They're not mutually exclusive, they're complimentary and must continue for I would say in most of the have-not provinces for about ten years, I don't think forever, then we'll have an infrastructure level somewhere near the national average which then entrepreneurs can build on with their own private money.

But if they don't have that there and have to start at zero with no infrastructure, then they're not going to invest because they can't make any money and they can't create jobs

Thirdly, what is very, very important, it is absolutely useless to do those two things that we are now beginning to do in a concerted way; the Federal Government and the Province. And it's very, very positive and all of the Premiers in Eastern Canada have been extremely supportive of it.

If national policies in other areas are not sensitized at the same time, everything has got to be working right for us. If you put two in and then you throw a curve at us with another one, it destroys the two positives that you're doing.

And I've just distributed a chart and I know Mr. Wilson is aware of this from the meeting he had with the Finance Minister. You look at this chart, it tells you that in the first phase of national tax reform which conceptually is appropriate, which philosophically is right, that when it gets translated from a concept into a program, if that's what you want to call tax reform, here's what happens.

Over the five year period, per capita, Provincial revenues that will come under tax reforms, P.E.I.

gets \$1.57 per capita and Alberta gets \$38.12 per capita. The rich will get richer and the poor will get poorer. Ontario gets \$29 per capita. Newfoundland gets \$12.

So, my point is that this here can completely cancel out all of the positive things that we're going to do, continuing ERDA programs, continuing and taking a new start on entrepreneurial development through ACOA. And that is a graphic illustration of what can happen.

In the same way, one can say in the national defence in the United States, the Americans have done an excellent job on, not new money, but of directing money that's going to be spent anyway into areas of the country which, on the one hand, build up their military capability, and on the other hand, help those regions of the country which are depressed and underdeveloped.

And in that light, for example, I would offer to the Federal Government 50, 60, 70 harbours that you can put your new submarine base in -- nuclear submarine bases in; one perhaps even in my own Constituency, who knows? That might even be possible.

The Chairman: Nothing wrong with that, Premier.

Mr. Peckford: Right now, for example, I forget the per capita amount spent on defence across the nation. We are at \$50 or \$60 per capita? \$70 per capita? And Nova Scotia is \$480 per capita in defence spending?

We've got to try to dovetail our national programs to those regions. The money is going to be spent anyway, there's no new money. And surely we're strategically located.

You know, when I was in Grade 4, of the history books. I was told that Newfoundland and Labrador were really strategically located out there on the North Atlantic, and therefore, there should be some merit in geography as it

relates to military facility and geographically it should be advantageous. But it hasn't happened in the last 38 years.

So, if we're really serious about -- and we want to work, we don't want the ten stamps, we don't want to live off U.I.C. and live off Ontario and Alberta. Now, if we didn't have anything, like P.E.I. has got a particular problem, and why national programs are even more important to P.E.I. than they are to Newfoundland in the sense that we have an abundance of resources. We have trees, minerals and fish, to hydro, to oil and gas potential coming on soon.

So, all we need from sensitized national programs and taxation and defence is to build on our strength and to have a cooperative arrangement with the Federal Government so that those strengths are really actually built upon, and that we don't lose by building them and get nothing out of them like we did on the Upper Churchill. We've got to turn that around to our benefit.

But it's even more important for P.E.I., so that somehow -- and it's difficult. It's not easy and I don't pretend to dramatically and graphically try to make this presentation and this contrast today to say that the Federal Government are deliberately giving us with two hands, ACOA and ERDA, and then have a devious plot to take away with the other through tax reform.

I don't believe for a second, there's no bad motivation here, but that's the kind of thing that can happen. I get it thrown up to me all the time as Premier of Newfoundland when I go to a certain region of the province which says, you're doing something for urban Newfoundland and you're not doing anything for rural Newfoundland. So it's unfortunately a function of big government, it's a function of governments and bureaucrats generally that sometimes we do something good with one hand, and before we know it, holy Moses, we've just taken it away with another.

So without a concerted, and I don't know how you do it, I know you just put somebody in every department, who's got no hat to wear, only a regional hat, a have-not hat. Everybody has got to have a hat on, and have-not is marked on it. So that every policy that comes through the Cabinet system, the have-not fellow has got to look at it to see whether it's going to help have-not, I don't know. It sounds like a good idea, I just thought of that.

And perhaps we can colour it, Mr. Prime Minister, blue hopefully.

Yes, we're getting off track there. I was going to my rabbit snares then. I thought I was hunting a moose.

So I just make the plea to the Prime Minister and to everybody here at the table, Mr. McKenna, Mr. Buchanan, I am sure, and Mr. Ghiz and myself, and others, that all of these positives, and they're good, can be taken away from a national policy like this. Because you see, why is this happening? It's happening because in Alberta

and Ontario, as Mr. Getty said, he's got a lot of businesses out there and they're starting to do well again, they're coming out of the recession, and they're doing well.

So as you move the tax burden from the "people", quote, unquote; from the citizen more to the business, which sounds great in principle and in theory - the problem is we don't have any business for you to move it to.

So, therefore, the formula works against us because we're not going to get the revenue from the businesses because we're still into ERDA's and into ACOA to try to build up those businesses. So we're in a Catch 22 situation. We're caught in the middle. So somehow there has to be certain amendments made to national policies so that they dovetail with the other two arms of ERDA and ACOA for the next 10 years and then we'll be there, and then we should be able to do it more on our own.

You know the program that Mr. Siddon has, for example, which is extremely positive, 150 million dollars in small craft harbours, over the next four or five years or whatever it is - three years, 150 million dollars. 26 million dollars of which is in our province right now. Very, very positive. It's building up infrastructure, better quality fish, all the rest of the things that are necessary for a productive high-tech fishing industry. And, hopefully, an in-shore fisheries agreement very soon of 55 or 60 million dollars. Extremely positive stuff and good for the Atlantic Provinces and good for Newfoundland.

But I just say that whilst that is good, and is absolutely necessary, the other national programs must come in as well.

And in that light, as I listen to Mr. Pawley,

talking about daycare and our health crunch that we all have, and here I would just say we will only have the money to expand and enhance daycare, or buy the equipment for the schools, if we've got a strong economy. There's no miracle to that. You've got to have growth to create the money to give to the health care sector. And to daycare and all the other valuable programs which a progressive, democratic society like Canada wants to have. But you've got to have the money, and the money has got to come from your economic engine.

And so I just hope that as we move down the road on this tax reform that that will be kept in mind by Mr. Wilson and his people. In the same way in the Defence Department as they develop policies and build facilities. Then what a great way to help alleviate regional disparity.

The other area of course is in the fishery for the province. Hydro-electricity, hopefully Mr. Bourassa, the Prime Minister and myself will get together and be able to solve that hydro-electric problem that we have and get on with new projects. Hopefully, we'll be able to get Hibernia going, another string to our bow.

And in fisheries we've got to be very, very careful. This foreign overfishing is just unbelievable. 70,000 metric tonnes that they're stealing from our shores which is on the continental shelf of Canada, and that can't be allowed to continue, and we can't be giving fish away to foreigners when we've got our fish plants closed down for six months of the year, and a 20 percent unemployment rate -- gone to 17 right now.

And the other area which is extremely still very important in my view, and perhaps underlines a lot of what we said yesterday and others will be saying, is in the whole area of research and development.

We don't want an antiquated quaint little fishery in Newfoundland for people to come to take pictures of and put in the Globe and Mail. We want a high tech fishery. We want a fishery that's up to date, that's got the latest equipment and the latest boats and all the rest of it. We want high tech in the fish trade the same way as you have high tech in a manufacturing plant in Ontario. That's what we want, and that takes research and development money.

At the University in St. John's, the Federal government has put money in for the ice tank and at our post-secondary institutions. We need a strong ongoing consistent commitment to R&D much over the 1½ percent GNP that it is right now. You've just got to have it, there's no other way around it. Other countries will just beat you every time in the international marketplace if you don't. And that we shouldn't lose sight of in our request on a whole range of other things that somehow we've also got to have in that

equation that whole R&D area if we don't, then I think we are going to fail as a nation from where we could be, where the potential is.

So, Mr. Prime Minister, just to sum up. We are on a number of very right tracks, no question, no question about it. But I just say that let us as we go on those tracks which are absolutely dedicated to regional economic development, some broader national policy doesn't gush out of the bureaucratic system which is applied right across the nation as if we all were equal number of businesses and an equal number of things so that everyone's going to benefit because it just distracts, subtracts from -- what it is that we really genuinely want to do for our country.

That is a little present for you, this colourful little graph that I hope you'll all keep -- it won't be a Christmas present I suppose, but I hope you'll keep and remember it because I think it graphically shows where our problems really lie and that we want to work. New Brunswickers want to work, P.E. Islanders want to work, Newfoundlaners and Labradorians want to work, Nova Scotians want to work. We don't want transfers. We want to do it with our hands and we're just proud Canadians like everyone else, and we want to contribute to the betterment of this country. That's all we're looking for and let's hope that we can -- through these kinds of conferences -- highlight some of those kinds of anomalies occurring so that then we can dovetail them to make for a better country.

A better Newfoundland is a better Canada.

Thank you very much.

Mr. Chairman: Thank you, Premier. One shouldn't make predictions, it's always dangerous, but I'll try one.

There is going to come a day when a Canadian Prime Minister will host a Federal-Provincial Conference like this and the Premier of Newfoundland and Labrador will be here representing a have province.

There is the potential in Newfoundland and Labrador for remarkable prosperity to the extent that all that gap that Premier Peckford has been talking about can be made up.

History and geography haven't always served Canada well. A lot of people have paid a substantial price, in just the manner of our evolution. There are some structural unfairnesses. I give you one. Looking at these numbers, in September of 1984, the unemployment rate in Newfoundland and Labrador was 23.8 percent with the successes to which the Government of Newfoundland and Labrador have greatly contributed, the fisheries, developments in the offshore, mining, resource development -- as Premier Peckford said, it's worked all the way down to 17.1 percent. That's the lowest rate of unemployment in Newfoundland and Labrador in a long, long time. Can you imagine -- 17.1 percent. And yet the progress has been there, but it's been very, very, very modest.

It is however, encouraging to know that we may be getting closer to a better day for Newfoundland and Labrador. I think the Premier and I and Mr. Crosbie and others were satisfied that there are some very big ticket items in place that are going to come through that will hold great promise and great pride. And I am delighted at the movement that exists there.

I don't have a chart for your, Brian, but I am going to produce one before Christmas.

I think the reason for the broad impact that you've got here of tax reform is that really we're under the proposed tax reform, we're taxing corporations more and individuals less. So because Newfoundland has fewer corporations, corporate revenues don't increase as much and so it gives off these kinds of figures. But we are leaving more money in the hands of Newfoundlanders and the average Newfoundlander is going to be better off and where there is a problem in terms of the takeup, they're going to be EPF considerations that will certainly keep Newfoundland whole and provide for a much better distribution of richness.

But I think this is of great value for another reason: that it provides a graphic illustration of precisely the point that the Premier is trying to make. The structural unfairness of Canada. There are no corporations, or very few, a private sector, there's a very small private sector in Newfoundland and Labrador. So when these great federal programs are devised based on a pick-up in the private sector, the private sector is not there to take advantage of these. And so this shows how far we have to come together to provide fairness for our regions, and that is exactly the benefit of this kind of information.

I'm gratified, Premier, by your comments about the excellent initiatives that have been taken in fisheries and small craft harbours, and transportation, and research and development in Newfoundland. We've got some big ones left to bite down there but I think together we can make some progress. But it is a sobering reality to see this kind of grave national problem where we can consider it a success of some kind to have lowered unemployment to 17.1 per cent. Now that's a hell of an admission for any country to make. And then wish somebody a Merry Christmas. And this is Canada, and it's a reality and we've got to deal with it. We've got to do better.

And I thank you, Premier, for your contribution and your very eloquent statement on profound regional disparities.

Premier Peterson.

Mr. Peterson: Thank you Prime Minister. And I do want to say at the outset I find this discussion extremely salutary, it gives us all a real sense

of each other's problems, the kind of progress we're making and, although it may not be dramatic, I think it's extremely important in helping us all understand each other's problems. Because as you say, Prime Minister, there is a will to assist whenever we can with other's problems.

I am particularly struck that this discussion today, like other First Ministers' Conferences, is given to the question of regional development which is so meshed in what being a Canadian is all about, the kinds of commitments we've had and, yes indeed, there are structural unfairnesses and there are programs that we have to work on together. And I can say in addition to co-operation on this level, there's an enormous amount of co-operation going on at an inter-provincial level as well.

Perhaps, although I don't have the sense of history of some, but probably unlike some of the ways of handling these problems in the past. There are always going to be tensions on questions of energy pricing, for example, between producers and consumers, but I say I congratulate Premier Getty on his great leadership in that regard, not only for Alberta but for the nation.

We're working together on coal purchases, things we hadn't done in the past. We're trying to use whatever purchasing power we have with British Columbia as well. We have just engaged Ontario in a major contract with Manitoba Hydro to assist with the financing of their new limestone project. We're in discussions with Quebec Hydro to try to look at ways we can work together to use the advantages that we have across the nation in the national interest.

It is a reality that we have in many respects seen a Balkanized country and things like electricity, for example. And I was particularly struck by Joe Ghiz' remarks about here our smallest province paying two or three times for hydro what we are in the rest of the country, yet with this enormous surplus to export. I mean it just frankly doesn't make sense. And it is unfair.

And it is unfair. Brian, who continually talks about the problems of transmission out of Newfoundland -- and I'm struck with the justice of his argument, as well. Very frankly, I've heard Brian Peckford say before, as you've said, Prime Minister, that he has enough resources there to be self-sufficient if we only had domestic policies; forget the international policies, domestic policies capable of dealing with those realities.

So, you know, sometimes we have to make sure that we are thinking things through properly domestically, not just looking for magic solutions outside.

I'm not going to re-hash the so-called trade discussions that we've had, but you know, the energy provisions in that may prevent some of these kinds of things from happening on electricity.

As you know, under the Preliminary Agreement, we have to offer equal prices to the United States. Does that mean, for example, that Quebec's got to sell its hydro to the United States at the same price it buys it from Newfoundland for? Interesting question.

Will we be able to use discriminatory pricing as some provinces do for supporting industry, and that kind of thing?

Those are questions that are, at the moment, not answered but we want to have a profound understanding of those in the final text to make sure that we haven't further institutionally locked ourselves into barriers that we sit at this table, all of us, disagreeing with.

So, I want to, Mr. Prime Minister, just in support of my colleagues, emphasize two points: And we do have enormous number of short-term problems. We have seen a number of our

most knowledgeable Premiers debunk the current myth by some top economists that regional development programs don't work.

Well, nobody is saying they're perfect, but ask yourself the question: What would those unemployment figures be if they weren't there?

You know, and I get a lot of simple people coming to me and saying well, you know, it hasn't worked so far, you know, we'll throw it all out and do something else. And I think we've got to guard against that so-called pure view, just leaving the straight market forces who could take the ultimate results the other way.

We have always, for 120 years, wrestled with these problems of regional development. We've written them into our Constitution. We all believe in it.

Gentlemen, I have an identical problem in Northern Ontario. Identical! And we've hit some of those unemployment rates in certain areas that Brian is talking about and we're all trying to devise ways inside our own provinces, as well as with Federal cooperation. They've created a new board called FEDNOR that's going to work on these problems, and I'm delighted to see that. But it is at the root of being a Canadian to equalize economic and social opportunity.

And God knows it's hard with so much geography and so few people, but that is the goal of this country.

I want to just turn my attention, Prime Minister, to a couple of specific things that I hope we can make some real progress on.

I think all of us have acknowledged that research and development is important. Brian's right. He can't run an antiquated fishery. It's high-tech -- it's not just some weird scientist in a lab in Ottawa. High-tech applies to everything; to farming, to fish, to forestry, to schools. It

is a reality today and it is one of the key components, along with training, I would argue, in developing a competitive international economy that we want.

I am hopeful that we can put some real guts into a program; that we can build on our strengths nationally.

We're doing a number of things in Ontario. I won't bore you with that, but we put a billion dollars into a fund over the next ten years, directed by public sector, private sector, labour, scientist, a real operating group -- and I'm very pleased that we're making real progress in that regard.

I'm not trying to be confrontational, Prime Minister, but you will note that the Federal contribution to research and development has actually declined in the last three years in real dollars.

Now, you will come back and say you spent ten times as much as the province, which is not completely accurate, but I don't want to be confrontational.

I'm just saying that we all have to make the effort.

And secondly, it's not just governments. We've got to devise strategy to bring the private sector. Governments cannot do this alone.

And really, what we're not talking about, hopefully, not massive new incremental amounts from governments, although we have to make our contribution, but enticing to private sector; making sure the multi-nationals do their share here, that it's not just branch plants relying on imported technology, that we are in the forefront of intellectual value added in the selected area.

I don't think we should try, as a country, to be all things to all people. But I think we can agree, like other countries have done -- like Sweden, Japan and others -- you pick your niches, you go after them, you use the best brains, you fund them, you bring consortia to the public sector and private

sector, and make sure your tax system is in harmonization with that.

I have expressed to you, sir, and I think you understand and hopefully agree that the new White Paper on Tax Reforms would make that much, much more difficult in the future than in the past.

We're all mindful of the debacle of the scientific tax credits brought in by previous governments, we're not into that kind of thing, obviously, but what we have to make sure is that, as Brian Peckford said, we don't give with one hand and take with the other.

One department wants to do something, the other department is taking them out at the same time, and if we agree -- and I think there's an emerging consensus that this has to be a national goal and that we have to build consortia.

I mean, there's no reason that the University of Toronto should not work with Memorial University, putting the best brains, institutions, shall we say, without walls. Good Lord, they can pick up the phone and talk to each other. There's all sorts of computer linkages.

I said to you before, one of these that bothered me is that we had the Centres of Excellence Program in the Province of Ontario and we have funded six centres that we think will be leading edge in lasers, ground water research, and other things, leading edge, we think, possibly world-class research.

We had a marvelous program on protein engineering that was presented to us, but we couldn't get into it at this point unfortunately, because there was a certain machine we didn't own, it was at the University of Alberta. Now, there's just no reason why we shouldn't have

put the University of Alberta together with the University of Toronto, and others, to build those linkages. And I would like to see us and our Ministers concentrate on that. I think we've got to make decisions, and we're going to make mistakes. Good Lord, we've made lots of other mistakes as a country. We tried programs that didn't work. I guess it's the genius to say, "Look, we made a mistake; write it off and go after something else."

I don't fear failure; I fear lack of trying more as a nation, and every other country is doing it in spades. The cooperation is incredible. Public sector, private sector, labour, management, they have put down their cudgels, are working on national goals together, and I'll tell you if we don't -- and I say to you, Prime Minister, the atmosphere is very much better than it was two years ago and I congratulate you for that.

We have an opportunity to use the spirit of conciliation, compromise, working together, putting private interest aside in terms of the national goals and I think we have that opportunity. And I would just recommend it, sir, as a major area of emphasis harmonizing all aspects of our public policy. High-tech is environment, it's education, it's health, it's highways, it's everything, it's farm, fish.

So, I just wanted to emphasize that point and I think we've got to be gutsy; I think we've got to take some ambitious steps in that regard, and I'm anxious to work with my colleagues in that regard.

Last point I want to make is the question of labour adjustment. I am very pleased that Dr. Epp will be coming forward with his childcare, National Childcare Policy very soon. I think that's very much in the national

interest. We look forward to that. But we've got to make sure that we understand the human aspects of technology and the dramatic changes that are overtaking this country with or without a Trade Agreement.

I think a Trade Agreement will exacerbate the need for the things I'm talking about, but in any event, this is a reality.

The questions of illiteracy. I mean, in our province one in four, one in five, depending on what -- it's alarming. This was one of those issues you never talked about, the fact that your uncle couldn't read. Four or five years ago, who really thought about that? Today, this is a reality and we've got to address those things, I think, on a national basis. I think everybody will agree in spite of our storehouse of natural resources, that our single, greatest commodity as a country is our intellectual brain power, the individual value added that we can apply. Lots of other people have fish, lots of other people have oil, lots of other people have trees, lots of other people have everything, particularly in the third-world areas where you are seeing some ruthless competition. And if we're just going to rely on cheap, raw materials, then I can tell you we're going to lose that game.

It is the value added to those natural God-given gifts that we have that is going to make this country great in the future. So if you agree with me that the other basic building block of this is the training - And there's so many artificial distinctions about university versus community college, versus apprenticeship. Good Lord, some of these well-trained technicians on the floor of a factory they will feed five and ten other people, I mean they're almost like Ph.D computer scientists, some of these guys. They're pretty sophisticated stuff. And we have to be into that and we cannot shrink in our responsibility.

Again, Mr. Prime Minister, I'm going to sound confrontational and I don't mean to be. We are making major investments in that regard but we do know that there have been in real terms cutbacks at the federal level.

As I understand it, funding under the Canadian Jobs Strategy has decreased in real terms by \$900 million since 1984. From 2.2 billion in '84-85 to 1.5 billion in '87-88.

We note that the apprenticeship programs have been cut back on under the program and will disenfranchise, from our view, 51 regulated trades in Ontario affecting approximately 13,400 apprentices and 10,000 employees.

Now you'll come back to me and say isn't it wonderful that we have low unemployment in Ontario and, of course we do, and it is wonderful. I think our job, though, is to plan not just for the next six months or the next election, it's for the next decade, it's for the next generation. And a lot of these tough things we have to do are not going to yield results tomorrow. And maybe not

next year, and maybe not the year after that. It's a long time after that.

And all of us in this business are subjected to enormous pressures today and tomorrow. And we all understand those. But probably, with the possible exception of the Church, the only institution in society that's got the responsibility for the next generation is government. Business doesn't have it, they have a much more short-term responsibility.

Now I say to you, sir, that these in my view are the essential building blocks in putting together the kind of country that we have. And frankly, is the only way to guarantee the standard of living, the funding for health care, the kinds of things we all want, the civilized, decent sane society that we all want. And if we neglect this, and just say well our prerogative is to get the price of lumber down today, or the price of nickel down today, just so we can sell a little more today, if we do anything for that as opposed to long-term stuff then I think we are misplacing our responsibility. They go hand-in-hand and we've got to manage long-term, short-term, and medium-term problems at the same time.

So I would like to see, from our point of view, a major new commitment and partnership in this regard. There's no reason it can't be inter-provincial as well as federal-provincial and we should be putting the best brains of this country together to build a training strategy and a research and development strategy that 10 years from now, 20 years from now, will make Canada the leader in the world. We're not the leader now.

Statistics are quite alarming and I say the private sector has to be involved. They are in many respects doing a heck of a lot worse than governments in this regard. But I think there is enough leadership in the private sector that's prepared to take on these responsibilities, our job is to unleash that, develop the policy for that to happen.

Thank you.

The Chairman: Thank you, Premier Peterson very much. The Premier and I have had the occasion to work together in a number of important areas. This is one of the unique areas of co-operation between the Government of Canada and the Government of Ontario. In fact on our respective Advisory Boards in Science and Technology, we have named some of the same people, and there is a great interchange, not only between the Premier and myself, but between those levels of the decision-making bodies in this regard.

Because of the tremendous impetus that highly-industrialized society such as we have in Ontario throws off necessarily I give you an idea of the importance that I attach to this. All of us as First Ministers have got a lot to do, and we've got more committees than you ever want to see a government to chair. For my part I chair -- I limit it to the P & P Committee of the Government, Security and Intelligence, and I have taken on one more - the National Advisory Board & Science and Technology. Where I meet, on a regular basis personally, for day-long sessions without any press or any media, we sit there with 40 of Canada's leading scientists, university professors, researchers,

advisers, and we have been doing this now on an on-going, quite unpublicized basis for some time, trying to deal on a national basis bringing together the concerns from Newfoundland and the fisheries to the tremendous innovations that we are seeing at the University of Alberta and in British Columbia to try and put it altogether in a national policy.

Frank Oberley as Minister of Science & Technology has held some very, very successful meetings which have resulted in the articulation of the first National Science and Technology Policy that has emanated from a grouping of federal and provincial ministers.

And I agree with what the Premier of Ontario has said. I think it is not something that we can view as a frill, it is an absolute indispensable part of our future.

Some people say that for the first hundred years we lived off our resources and for the last couple of decades we've been living off our credit and in the future we've got to live off brains, and that is exactly what the Premier is saying. Nothing goes without science and technology. Nothing we can do can be successful without the upgrading of research and development and the value added of science and technology.

I can tell you that I found it a very, very gratifying experience personally, not being of a scientific background, to sit there for lengthy, lengthy meetings with these men and women from across the country and see not only their brilliance but the manner in which that collective brilliance can change our lives for the better.

It is a genuinely enriching experience for someone who is not of a scientific background.

The Government of Canada -- I'm not going to say anything -- I am almost in total agreement with what the Premier has said. There's no politics in this. It's the upgrading of our national life.

The fact of the matter is that the Government of Canada spends this year \$4.1 billion on research and development which absolutely dwarfs the contributions of anybody and by a country mile, but I think there's something else the Premier said. The Canadian business community hasn't been doing its share in picking up these new possibilities and that too is very much part of the National Advisory Board on Science and Technology.

I can tell you, Premier, that my next meeting with them is the day I believe of December 11th, for another full day's meeting, which will then culminate with the National Conference on Technology and Innovation, which will bring hundreds of people from around the globe and Canadians, entrepreneurs, scientists, the universities to Toronto in mid-January where we will be doing and setting out what we have to do, getting our national act together, agreeing upon priorities, agreeing upon the tax measures that will make it happen, the impulse that we can give to the creative skills of our people and I think at that point in time we will have brought home a very, very major contribution, I hope, to the national well being, because science and technology is not partisan. It's just indispensable. And how we handle it has to be the most effective possible and that's what we're trying to do.

So I thank you, Premier, not only your interest and support, but leadership in this very important area.

May I turn to Premier Vander Zalm.

Mr. Vander Zalm:

Well thank you, Mr. Prime Minister, and I too agree with Premier Peterson in his remarks and I agree that this is certainly a very interesting part of the session.

Although it was interesting to note that Premier Peterson mentioned a billion dollars that had been put into business development, and I think that's commendable, and similarly Premier Getty mentioned a billion dollars and yet when you look at the chart, you see that the need is really in some of the other provinces, unfortunately we don't have that sort of resource to put into business development.

And it disturbs me a little when I hear the figure

of \$4 billion and the comments made that this really, while commendable isn't sufficient in research and development, and yet British Columbia with a Province of 10 percent of the population of Canada, 3 million people gets less in research, in R&D money than what the Maritimes.

So we do have some things that we wish to raise here and they're certainly given in the spirit of co-operation and in the spirit of presenting some of the difficulties that are experienced in various parts of the country and how they might be addressed.

Since my government was elected, Mr. Prime Minister, thirteen months ago, we have moved quickly and decisively to make some very fundamental changes so that we can build on the strengths of our province.

We have taken the position that economic development and job creation it brings is and must continue to be our number one priority.

We're starting to see positive signs that our economy, after being devastated by the recession of the early eighties is on the rebound. Our economy has expanded since the great success of Expo '86 and to date, in 1987, capital expenditures by large corporations are up 19 percent.

The value of manufacturing shipments is 5 percent, housing starts are up 26 percent and exports are up 12 percent. These indicators are all very good, Mr. Prime Minister. And the recent stockmarket performance cannot mask the long-term strengths of B.C.'s fundamental assets.

But we cannot rely as we have in the past on ever expanding growth based on limitless appetite for our natural resources, abundant though they are.

Governments worldwide have been acting as if exempt from the laws of gravity, much less the laws of economics in the sense that they seem to believe that everything

can continue to go up and expectations and entitlements taxes, deficits and debts.

The presence of the public sector in the marketplace directly through government corporations and agencies, and indirectly through government interventionist regulation, grants, subsidies, supply management and complicated tax structures, has come increasingly to be recognized as a damper on entrepreneurship and a constraint on economic growth.

As a result, there has been a movement in many industrial countries such as ours, to scale back the size of government, to re-evaluate industrial subsidy programs, and to move in the direction of tax reform, deregulation, decentralization and privatization.

The basic philosophy of the Government of British Columbia is clear. Our role is to create a healthy climate for economic growth. Leave business decisions to the private sector and allow the marketplace to test and evaluate new ideas and new ventures.

At the same time, we strongly believe we must help those who need help providing a safety net to assist the needy without negatively affecting wage structures or incentives to work.

We also believe the provision of services in British Columbia must be governed by our ability to pay for them. And that wherever feasible, those who use the services must bear a degree of responsibility for their costs.

We strongly believe taxpayers money should be used carefully; that Government must be affordable, and that we must reduce today's deficit and debt so that today's bills are not left to be paid by our children and grandchildren.

This set of beliefs has given rise to a number of major initiatives announced by my Government over the past few months. Taken together, these initiatives constitute an

integrated vision of the future direction of the British Columbia economy.

First, we have conducted a full-scale review of all our programs to ensure that they are needed, efficient and cost-effective.

Second, we have begun to restructure government and to privatize those services and functions that can be more appropriately and effectively delivered by the private sector.

Third, we have acted to improve the climate of labour relations by enacting new legislation that addresses some fundamental concerns.

Our aim is to lessen confrontation and shorten disputes as well as to enhance individual rights. And that's not to say that we haven't, incidentally, had some differences between Government and labour leaders, but I think the records show that over the last year we've had only, as I recall it, one minor dispute in the health sector, otherwise very fortunately we've been labour strife free.

So, I think we're making tremendous progress in a very, very important area that certainly affects not only the economy, but the perception of our Province.

Fourth, we have launched actions to strengthen and diversify the British Columbia economy.

Fifth, we are committed to a series of actions aimed at establishing British Columbia as North American's gateway to the Pacific Rim.

Sixth, we have taken action to help those who need help most by increasing income assistance to single parent families, day care subsidies, health care funding and job track.

In short, Mr. Prime Minister, we know where we want to go and we know how we want to get there. But we live in a federal system and here, as I said I would yesterday, I want to

reiterate, in strong terms, the need for more active participation by your Government to help British Columbia carry through its initiatives.

And I want to say before I get into this, that most of the help we require are not money. As a matter of fact, we'd prefer not to come to Government for money.

Many of these are simply regulatory changes or help, and a recognition of the uniqueness in many respects of our Province.

It is because we live in a Federal system that we cannot realize our vision on our own. We must have, not only the active cooperation of your government, but action in a range of areas.

Last year in Vancouver I delivered a very frank assessment of our bi-lateral relationship. I raised in detail, Mr. Prime Minister, the problems we suffered as the member of Confederation that's farthest west, and I laid out in very clear terms the fact that we do not receive equitable considerations from the many federal programs intended to benefit all Canadians equally.

I mention specifically the lack of procurement federally from B.C. business. Reports we agreed to today on procurement and regional development confirmed the accuracy of my comments and go on to suggest ways to improve the situation.

The key now is to turn words on paper into concrete action.

I mentioned the problems surrounding national marketing boards and the fact that the system does not permit us to produce enough dairy and other agricultural products to meet our own needs, never mind explore export opportunities and create jobs.

Since, then, continued lack of progress has forced us to announce our decision to withdraw from these national marketing boards.

I outline in detail the inequitable ratio of federal employment in B.C., as compared to other provinces. And I cited examples of the lack of B.C. representation on federal boards and commissions.

I pointed out that even federal agencies whose main focus is on activities in the Pacific Rim are located in Ontario or Quebec.

I outlined a need for a number of actions to make British Columbia the gateway to the Pacific Rim. These included federal legislation to establish Vancouver as an international financial centre.

While we welcome federal actions in this regard, we would like to see it go further and I will be calling for additional initiatives to strengthen our financial role in the Pacific Rim.

We are also working seriously to make up ports, both sea and air, viable and world competitive. We are happy in this connection to have federal support on the Asia/Pacific initiative on which we are jointly working.

I noted, Mr. Prime Minister, the vast sums of money collected from British Columbia through the national energy program; money that for the good part has been spent on energy-related projects elsewhere in Canada, on dams, nuclear energy plants and projects in Provinces like Ontario, Quebec, Saskatchewan and Manitoba.

I raise the fact that an accord with respect to off-shore exploration in the Atlantic had been reached and that we wanted a similar accord for the Pacific.

We continued to wait for a federal contribution towards off-shore energy development. We are now considering less costly alternative proposals for a Vancouver Island gas pipeline and look forward to federal fulfilment of its long-standing financial commitments to this project.

I mention the fact that though more than 600 million dollars was paid annually by B.C. in federal gas taxes for highways, only 35 to 40 million dollars on average came back to B.C. and most of that was spent on the Alaska Highway.

I talk about British Columbia's commitment to build on our international calibre research capacity by creating a KAON factory at the Triumf Meson facility in Vancouver.

And Mr. Prime Minister, we are still awaiting a complementary federal commitment.

I make these comments, Mr. Prime Minister, as a matter of record and I want to repeat that you have shown a greater degree and desire to strive for fairness and equality than any of your predecessors. We are pleased with the apparent willingness both on your part, Prime Minister, and that of your Ministers, to attempt to address the many inequities which you too have recognized.

Your initiative, Mr. Prime Minister, to help establish the Federal-Provincial Council of Ministers is clear evidence of this and we're grateful for that.

Regretfully, however, though collectively willing, we've not been able to sufficiently effect the

ingrained entrenched federal bureaucracy which still can't seem to see over the Rocky Mountains. I would like to exclude your office from that comment because I think we do have an excellent rapport with your office but it must go much beyond that through all boards and agencies and all ministries in government.

Let me give you some examples that demonstrate the insensitivity of some of the federal bureaucracy and its lack of understanding of the Pacific region. I noticed recently that the Federal Government provided 20 million dollars to unemployed workers in Ontario in the steel industry to obtain retraining. I don't argue with that. Frankly, however, I can't ever recall any similar federal assistance for British Columbia, even though as a resource-dependent jurisdiction we suffered badly in terms of unemployment during the recession in the resource sector.

I take it that this federal policy towards Ontario will also be applied to the Pacific region and that similar assistance will be available to workers in B.C., heaven forbid, should the need arise.

As a second example, several months ago I was visited by representatives of the Canadian National Railway. We had a very interesting meeting. They informed me that they would be closing a large number of so-called inefficient lines in B.C. to various communities. But in the discussion it was disclosed that while similar inefficiencies existed in Eastern Canada, closures there were not in the plans. I'm not against the closures, however, I find this a little surprising given that one-third of the CNR trackage delivers only one per cent of revenue, and that 65 per cent of its

business is done west of Winnipeg.

As a third example, the Governments of Canada and Korea will soon begin talks to establish a bilateral air agreement. We would naturally want to see Vancouver included as a designated service point for Korean airlines because of our interest in developing Vancouver as the gateway to the Pacific Rim.

Although British Columbia has in the past asked for greater involvement in such bilateral negotiations on air access, we have never, ever been briefed on these negotiations. I would ask that the Federal officials support the proposal with respect to Vancouver and advance it in the negotiations.

More generally, I would ask that you give our government an opportunity to have input into decisions made on air routes.

B.C. believes, as a part of our Economic Development Policy, that the highways of the air are key to the diversification of our economy in allowing us to realize our potential in a competitive world.

As a final example, Mr. Prime Minister, the area of communications is particularly important from our point of view, because this sector offers very real opportunities to help us diversify our economy. Decisions concerning the industry in British Columbia are being held up by the Federal Government. Because of federal indecision over new telecommunication guidelines, specific proposals by B.C. companies, including Pacific Digital Communications and B.C. Rail are being put on hold.

Prime Minister, I use these examples and I could give more to make two key points. First, Federal Government policy is actually impeding my government's efforts to encourage diversification of our economy.

And second, they demonstrate that the ability of provinces outside the centre to influence the decisions that determine our future is limited by those very structures.

British Columbians expect and insist upon equitable treatment, whether in connection with spending programs, national policy or the decision-making structures of government. But quite frankly, Prime Minister, given a choice, we're not looking for grants or the continuation of totally inefficient programs and practices. It is my firm conviction that we as a nation would be far better off if all provinces

were expected to stand alone as much as B.C., and if the Federal Government instead used its dollars to eliminate the deficit, a move that would be of tremendous and equal benefit to all Canadians.

Prime Minister, British Columbians want action and they want it now. We want an active commitment to work in partnership, to address existing inequities, and to move towards positive accomplishment of our goals for B.C.'s future development as a matter of urgency.

We Premiers must act as well. I spoke last year about the debilitating competition that occasionally occurs between provinces attempting to attract investment and industry. In some instances, this competition has actually taken the forms of offers or incentives, tax breaks, weigh subsidies aimed at attracting enterprises from one province to another.

We have often spoken of inter-provincial trade barriers, and this is another aspect of the same issue. Here again, we as Premiers have to muster the foresight and the common sense to see beyond the very short term and ultimately illusory benefits of such policies to the longer term interests we share in common in opening up the wider Canadian economy to opportunity and entrepreneurship.

In British Columbia, we have a vision of where we want to go. We have an action plan on how we want to get there. I know each of us around this table knows that the realization of our goals and objectives is dependent on our determination and commitment to work together.

Mr. Prime Minister, lastly I want to again note as well with great pleasure, the work that has been done by the Federal Ministry of State for Youth and our own Minister

of Advanced Education and Job Training. They have been pursuing with their colleagues a number of activities in the areas of training, retraining, and transition from school to work. And I share the sentiments expressed by a number of others and in particular, to our new colleague Premier McKenna with respect to the need for us to move into the area of providing greater opportunities for our youth in training and education, and I certainly would be extremely supportive of that.

Finally, Mr. Prime Minister, I want to say that we are very pleased with the progress that has been made in attempting to establish a good, cooperative spirit, and I find you and your Office excellent to work with and I certainly appreciate the opportunity to call you when required and your immediate response to such calls. I don't think, in speaking to my predecessor and others, that there has ever been a situation where a Prime Minister and his Office has been so available to the Premiers, to his colleagues in other provinces. I think it's commendable. I hope you never tire of it. I think it's important for our country. Thank you.

The Chairman: Well, thank you, Premier, very much, particularly for the last few minutes. As I go to Premier Buchanan, I think it should be noted that just en passant, that from British Columbia for the first time, I'm assisted as Prime Minister in regard of the problems by -- I think it's the first time ever there have been three Ministers in the Federal Cabinet from British Columbia. I may be wrong, but the Minister of International Trade, the Minister of Science and Technology and the Minister of Fisheries and

Oceans, so important of areas, as it happens, directly tied into the welfare and the future of British Columbia, and they have a lot to say about the progress that we have been making, about the C.N.R. trackage, Premier, about the closures in B.C. and not in Eastern Canada. I don't know anything about that, but I'll ask John Crosbie if he's heard anything in that regard.

All of us celebrated the fact that the Polar Class 8 Icebreaker, a great technological advance, is being built in British Columbia, and that the Department of Supply & Services is increasing its efforts in British Columbia fully 17 per cent, Premier, as a result of your initiatives; fully 17 per cent of all research and development contracts awarded by the Department of Supply & Services have now, last year, gone to British Columbia, which is a major step forward.

And may I salute Premier Vander Zalm for the way that the Federal government and the Province were able to, in another area, I think show, if I may say, some important leadership and that's the area of the environment. With regards to the South Morrisby region of the Queen Charlotte Islands where an historic agreement was entered into.

So we're making some progress and I thank you for that, Premier.

Premier Buchanan, please.

Mr. Buchanan:

Thank you, Prime Minister and colleagues.

I am going to speak for a minutes on regional development, and that's certainly nothing new around this table. I've been speaking on regional development for about a decade now and regional development policy has been an agenda item at First Ministers' Conferences and Premiers' Conferences for as long as I've been attending them. I suppose that regional development policy of the Federal and Provincial governments will be an agenda item and we will discuss it and we will make recommendations until Atlantic Canadians as we have a right will have equal treatment or be equal partners in an economic sense in Canada.

So I guess, Prime Minister, unless you are willing to put in another 3 or 4 billion dollars today, I guess it will be on the agenda for the next number of meetings too.

I agree with Premier McKenna, it's not a matter of throwing dollars at the Atlantic Provinces, it's a matter of ensuring their opportunities for Atlantic Canadians and there are opportunities for Atlantic Canadians who are qualified and trained properly to do jobs that we know can and should come to Atlantic Canada.

There's no doubt that we have the resources. We certainly have the dedication. We have the determination to be equal partners in Canada. That's been proven over the years. And if you go back prior to Confederation and just after Confederation the proof is there.

Something happened between then and now that we have not been equal partners in what was to be an equal partnership in 1867, but it's getting better.

Regrettably though it is a fact that our part of Canada does not share fully and equitably in the wealth created throughout this country and primarily in the central part of Canada.

While unemployment in Nova Scotia is down considerably this year it does continue to run about 3 and 3½ percent higher than the national average. Our incomes in Nova Scotia are about 80 percent of the national average.

Therefore, the goal must be the elimination of disparity. Building a better future for Atlantic Canada is a shared responsibility between the Provinces and Ottawa. Not only a shared responsibility between the Atlantic Provinces in Ottawa but a shared responsibility among all Provincial governments and the Federal government.

Now there has been some progress and we applauded the creation of the Atlantic Canada Opportunities Agency in June of this year and you had the great foresight and vision, Mr. Prime Minister, to appoint the gentleman who is seated at your right to head that organization. You couldn't have done better, by getting a Cape Breton and a Nova Scotian to do that. Certainly I applaud Senator Murray's appointment and I think he's one of the greatest Canadians around as long as he does his

lot for Nova Scotia, he'll continue to be that way.

But we were and we still are very optimistic that regional development policy will be better pursued by an agency like ACOA that it was under the previous Department of Regional Industrial Expansion. The reason of course is quite simple, because people who understand the Atlantic Region and the economy of the Atlantic Region will be looking after the Agency. The Board members are from Atlantic Canada and the decisions will hopefully be made entirely in Atlantic Canada.

So, we're very optimistic it will work as a major tool of regional economic development.

However, and here's one of the problems, however we are of the understanding that ACOA is still using the old DRIE industrial and regional development programs and policies. Programs which I think most of the -- if not all -- Premiers of Atlantic Canada will agree did not function successfully.

So we believe it is time to put in place new policies in ACOA through legislation and I understand that legislation will be going through the House of Commons very soon.

I am going to make a suggestion. It's one that we've already discussed with Senator Murray and with Don McPhail. We believe it's time that ACOA working with the Provinces head a program to assist small business. Small business is afterall, the key economic generator of jobs in Atlantic Canada. About 40 to 45 percent of all of the jobs in Nova Scotia are generated by small business.

We believe this could effectively be accomplished by creating a partnership with the Government of Canada and with our new Department of Small Business Development.

A proposed initiative such as this would greatly assist our 19,000 small businesses in Nova Scotia to expand, modernize and grow.

We believe it could be accomplished through ACOA, and a cost-shared program with ACOA and the provinces and should be part of your ACOA legislation which we hope will be passed very soon and very quickly to set up a direction in the policy directions for ACOA so that the results will become much more tangible than they have over the last few months.

Now, Mr. Prime Minister, I'm going to mention something that the other Premiers, I believe, did mention, and that is the responsibility that ACOA has now for negotiating ERDA sub-agreements.

Negotiations and agreements such as the new comprehensive industrial development agreement, a new agri-food agreement and a new metropolitan area infrastructure agreement have not been successfully completed. The discussions have been long, they've been drawn out and they've been inconclusive.

And this is very regrettable because the ERDA system showed real promise initially, and there had been some notable accomplishments through the process.

Now, we've met with Senator Murray and he's well aware of this, and I'm very hopeful that we will be able to get these on the road very quickly and we will be able to have them approved.

Now, I'm not putting any priority here but the Metropolitan Area Infrastructure Agreement is one that's very important.

Let me give you some of the problems that have been suggested to us and we've discussed it with Senator Murray and I think we're slowly but surely getting ourselves through

the problems. But it has been suggested that, for instance, the clean-up of the Halifax Harbour which your Minister of the Environment has mentioned on many occasions when he's come to Halifax, that clean-up, it has been suggested, is not an economic matter; that, for instance, the construction and operation of recreation and cultural centres and complexes is not an economic matter.

Well, we believe that is incorrect. Jobs are created in construction. Jobs are created, long-term, to operate such complexes. The quality of life of an area is certainly enhanced. And therefore, that's an incentive for new business.

So, not only do you have direct jobs in those complexes themselves, but you also have the opportunity of bringing new businesses into an area because of the quality of life being enhanced.

In addition to that, pollution clean-up of an area like Halifax Harbour is certainly an economic incentive. There is no question in my mind about that because clean-up of a harbour like Halifax's will attract new business and it will be an incentive to attract those businesses with new jobs.

Therefore, that kind of an agreement, an ERDA agreement, is an economic agreement and should fall under the mandate of ACOA and ERDA. But at the present time, the policy direction is not there the way we would like it, but I think under the leadership of yourself, sir, and Senator Murray who has a great knowledge of Atlantic Canada, I think we will be able to get these agreements in place very quickly and we'll all benefit.

I want to spend just a few minutes on young people and youth employment and unemployment which, again, has been touched upon here today but probably is one of the most important topics that we can discuss in terms of economics of Atlantic Canada.

Now, in Nova Scotia, youth unemployment, fortunately has been substantially reduced. It's now about 16 1/2 percent, which is extremely high, but certainly down about 4 1/2 percent from this time last year and compares with a 14 percent national average for Canada.

I want to talk about youth employment in terms of regional development and education because the two of them work together. Unfortunately, some national education programs, training programs, are not working for Atlantic Canada.

Vocational training, adult educational training, re-training, job training of all kinds, and the fisheries training schools in Nova Scotia for instance, national programs which have now been attached to these institutions and schools certainly are not working.

The Province of Nova Scotia, as in the other provinces, operate the schools and institutions. We pay for some of the program places but the Federal Government pays for most of them. Unfortunately, it is not working as it had been working or should be working.

The policy is now, insofar as Atlantic Canada is, concerned, a bit regressive and certainly not conducive of training young people under the economic regime in Atlantic Canada.

You know, there has been some resistance by some provinces to the recent CEIC overture on youth, but there are good reasons for that.

One of them is that the guidelines for programming under the Canadian Job Strategy makes it difficult for youths to access these programs.

For example, recent school dropouts are not eligible for some or most CJS funding. Once they leave school, they are not easily located. They become frustrated, disappointed,

apathetic and do not follow-up on CJS programs that they become eligible for one year later.

We have a lot of experience with that in Atlantic Canada.

Also, federal funding for basic upgrading and literacy training has been phased out at a time when the concern over illiteracy is growing. We recognize that in Nova Scotia and that's why we have set up a separate Department of Education to look after the requirements and the needs of Grades Primary to Grade 12. And to us, that basic kind of education is vitally important if our young people are to remain in school after public school and into university, vocational schools or institutes of technology.

But CEIC has cut funding for direct purchases of training from the provinces.

I'll give you an example. In Nova Scotia, funding was cut from 19.5 million in 1985/'86 to 11.9 million in 1988/'89.

So, you know it's very difficult to become enthusiastic about new and enhanced programs for youth when funding for current programming is being cut and no incremental funding will be provided for proposed new programs.

Now, we're told, as we have over the last two years, that additional funds are available. They are available for training purposes in another fund set up to cost-share with the private sector, and we're all aware of that.

But Mr. Prime Minister, it does not work in a province like Nova Scotia, nor does it work in provinces like P.E.I., New Brunswick and Newfoundland. And the reason it doesn't work, and the reason it works in Ontario for instance, is because Ontario has a very very strong private sector, and we have all heard about that around this table over the last few days, and we all know about it. And certainly commend Ontario for an unemployment rate around 5-5½ per cent in a booming economy. But it illustrates the difference between a strong private sector and an area without a strong private sector. And the private sector we do have, certainly does not have the financial ability to cost-share these training programs. And so there's an imbalance here.

There's a fund set up for private sector cost-sharing for training but we can't take advantage of it because we don't have the private sector.

And so the answer, of course, is to replace for a province like Nova Scotia, that six million or seven million dollars that has been taken from the general fund, the training fund and put into this private sector fund to replace that. Because our private sector cost-sharing programs just aren't working in Nova Scotia, and I suspect they are not working in the other provinces in the Atlantic area.

So Mr. Prime Minister we certainly are working on it, federal and provincial governments and regional development. We are moving forward and we must continue to build on what we have at the present time and enhance it. If we can build on our partnership with other governments, federal

and provincial, then our region of Canada will meet the challenge of helping our country succeed in a rapidly changing and difficult world.

The economy of Nova Scotia is better, I indicated that yesterday. Our resource industries continue to expand and create new jobs. We are, and we have moved into the world of computerization and high technology and the jobs which are created as a result. But most of this, as I indicated yesterday, most of this has been created by our own initiatives, the tenacity and perseverance of the people of the province but, also as a result of regional economic development policies and programs of a federal and provincial nature.

And so the gap is beginning to close. We've got to ensure that it doesn't open any further and it continues to close until we become equal economic partners in Canada. And that's why I mentioned yesterday - and have your assurance - that regional economic programs must be protected in any free-trade agreement with the United States of America. So that what we in partnership with the Government of Canada have done, and federal-provincial regional development programs in the past, that we can do today and that we can do tomorrow. It's important that we protect those programs for tomorrow and many tomorrows to come. So regional development is vital to our economic future and the dream of being equal partners in Canada.

Just a few words on federal procurement policy. And certainly we have agreed with the report, we've endorsed the report on Public Sector Procurement Policy which was tabled here today. But as it relates to regional

development, federal procurement policy must be used, and is being used, better now than it has in the past as an effective tool of regional development. We have seen, however, that in the past federal procurement was not distributed equitably across all regions of the country. So there should be full and fair access to federal procurement given to regional suppliers and to small business, for large and small federal programs, but primarily small. Because we're more adapted to being involved in the small business programs, small procurement policies than the large ones.

And the Premiers of Canada, in Saint John - last year, agreed to a resolution, unanimously agreed to a resolution along those lines. So federal procurement policy must be an effective tool of regional development and I know, sir, that the Government of Canada is working in that direction.

Just a word on science and technology. Because again, science and technology, and the development of science and technology is a positive factor in economic growth and job creation. Science and technology application impacts on industrial diversification. These factors make science and technology development again a strategic tool in regional development. Through co-operative federal and provincial support for research and development Nova Scotia has built a skill pool of scientific and engineering expertise. Some ten to twelve thousand in Nova Scotia. And this expertise benefits all of our industry sectors, it is a critical mass of technical and entrepreneurial talent from which new technology firms can grow.

And in Nova Scotia we have placed an emphasis

on science and technological development, and we followed your lead, Prime Minister. We followed your lead and I have created the Advisory Council on Science and Applied Technology in Nova Scotia, and I'd invite you to come down and meet with that group some time, and I'll come up and meet with your group also some time.

But it is working and it will work because it encourages the application of new technologies in all industry sectors and including all of our resource sectors, of fisheries, agriculture, forestry and mining.

I conclude with just some comments on training for women and family responsibilities.

It is our belief that education and training, along with a national child care system which we're very pleased has been announced or will be in December, will make women equal competitors in the job market. We see these as an essential pre-requisite to economic equality for women and we look forward to the Government's announcement on December 2nd.

Toward the achievement of economic equality for women, we support the mechanism for ongoing joint action initiated by the June, 1987 Joint Meeting of the Ministers Responsible for the Status of Women.

The Government of Nova Scotia supports the ongoing implementation of the 1986 First Ministers' Conference framework for training and we also include it in our recently proposed community college program which will allow women in Nova Scotia greater access to further education and training.

We believe that initiatives related to occupational integration for women must be pursued and we support the development of data collection mechanisms which realistically measure female participation in the labour force and the National Public Awareness Campaign designed to raise awareness of labour force equality issues.

And to that end, Nova Scotia will be hosting a National Conference on Women Business Owners to take place in May of 1988, and again, Mr. Prime Minister, I extend a very sincere and cordial invitation to you to come down and to

participate and open that conference for us in Halifax in May of 1988. You're going to be coming to Nova Scotia quite a bit in the next number of months.

We support the concept for counselling for young women that counselling for young women must be improved to achieve economic equality and we hosted a conference designed to identify some of the necessary factors for a comprehensive strategy.

We recognize the special needs of immigrant women, such as child care and language training to achieve economic development.

And finally, I understand that Premier Pawley this morning discussed pay equity. Well, Mr. Prime Minister and Colleagues, the Government of Nova Scotia has made a commitment to correcting the "historically based injustice of gender-based pay discrimination". And the Nova Scotia Advisory Council, led by the President who is with me today, on the Status of Women, they are working on a recommendation to government which we certainly have agreed that we will be prepared to give very serious consideration to.

Thank you, Mr. Prime Minister.

And if you have that \$3 billion, then we won't discuss this again for another two or three years.

The Chairman: I appreciate that kindness, Premier. We'll chat about it over lunch. Thank you very much.

Le Premier Ministre Bourassa s'il vous plaît.

M. Bourassa.

Monsieur le Président, rapidement je vais essayer de ne pas succomber à mon tempérament latin et être le plus concis possible. Je voudrais, d'abord, signaler que dans cette question de développement régional le Canada n'est évidemment pas le seul pays -- c'est un problème qu'on retrouve même dans des pays beaucoup plus petits que le Canada, l'Angleterre qui est peut-être trente fois moins étendu que le Canada a des problèmes très, très aigus de développement régional. Alors, je suis d'accord avec le Premier ministre de l'Ontario quand il disait que ce n'est pas parce que les résultats éliminent ou n'éliminent pas la question qu'on doit condamner les programmes de développements régionaux.

Je voudrais mentionner que nous avons nous aussi, au Québec, des problèmes aigus. Nous avons essayé d'y faire face d'une façon concrète. L'an dernier, par exemple, dans le cas de la Gaspésie, le gouvernement a initié un programme très précis, qui a coûté quelques millions de dollars, et qui a permis de réduire le chômage de cette région de 20% à 12%. Donc, il y a moyen d'agir. Il y a la formule des actions accréditives qui existe au Canada et qui permet notamment dans la région du Nord-Ouest, qui a permis à la région du Nord-Ouest de réduire très substantiellement le chômage, de 20% à 7%. Donc, c'est à considérer dans les réformes qui peuvent être apportées.

Il y a un autre aspect qu'il ne faut pas oublier, très brièvement, Monsieur le Président, c'est que les provinces qui ont les problèmes de développement régional les plus aigus sont en même temps celles qui ont les taxes les plus élevées,

d'où la nécessité d'une formule de péréquation réaliste et suffisante, parce qu'il est important de briser ce cercle vicieux dans lequel se trouvent ces provinces. Parce qu'elles ont moins de développement économique. elles ont plus d'impôts que les autres provinces, et parce qu'elles ont plus d'impôts c'est plus difficile pour elles d'attirer des investissements. Alors, la politique, l'objectif fondamental des gouvernements c'est donc d'essayer de briser le cercle vicieux où se trouve l'ensemble de ces provinces qui ont des besoins particuliers de développement régional. A cet égard-là, l'option du libre-échange peut aider à corriger ce problème, parce qu'il va le permettre puisque ces régions souvent sont des régions principalement de développement de ressources, l'option du libre-échange va permettre d'attirer des investissements.

Je peux ajouter que cette situation se retrouve également au niveau de la main-d'oeuvre féminine qui, à cause du libre-échange, pourra constater une hausse de la demande des emplois, notamment dans le secteur tertiaire. Donc, le libre-échange peut avoir un impact positif pour le développement ou la croissance de la main-d'oeuvre féminine, sans oublier la nécessité qui demeure toujours d'avoir des programmes d'adaptation, faisant suite au traité du libre-échange et nous avons déjà commencé d'en discuter entre nous, les programmes d'adaptation de la main-d'oeuvre.

Pour ce qui a trait aux recherches et au développement, nous sommes évidemment d'accord avec la hausse de la recherche dans le produit national brut et nous croyons que cette hausse pourra être réalisée non seulement par une coopération fédérale-provinciale, mais également par une coopération entre provinces, de même que par la possibilité d'établir des nouveaux programmes de financement, comme nous l'avons fait dans le

dernier discours du budget du Ministre des finances.

Je voudrais, en terminant, Monsieur le Président, dire simplement quelques mots sur ce qui a trait à l'approvisionnement des autres provinces en matière d'électricité. Nous sommes évidemment prêts, nous venons de signer un contrat avec le Nouveau-Brunswick, pour les 7 prochaines années, à des prix avantageux pour le Nouveau-Brunswick, je le constate au sourire du Premier ministre, et nous sommes prêts, évidemment, à signer d'autres contrats avec les autres provinces. Ce n'est pas parce que nous voulons exporter de l'électricité dans d'autres régions de la Nouvelle-Angleterre, ou dans l'Etat de New York, aux Etats-Unis. Ce n'est pas parce que c'est notre politique d'exporter davantage aux Etats-Unis que nous sommes empêchés, bien au contraire, d'exporter chez nos voisins canadiens, et nous sommes prêts à le faire, parce que comme je le disais hier, nous avons des dizaines de milliers de mégawatts qui ne sont pas encore développés actuellement, et nous pouvons ajouter à cela tous les mégawatts qui pourraient être développés en collaboration avec Terre-Neuve. Donc, il y a aucune espèce de contradiction entre exporter aux Etats-Unis et exporter, à des prix très compétitifs, chez nos voisins canadiens, que ce soit dans les Maritimes ou en Ontario.

Vous me permettrez, en terminant, Monsieur le Président, de vous féliciter chaleureusement pour le climat très positif dans lequel se déroulent ces conférences fédérales-provinciales, et je crois que nous pouvons en attribuer très largement le mérite à votre leadership éclairé.

Le Président: Merci Monsieur le Premier ministre, merci Monsieur Bourassa.

Avant de passer au Premier ministre Devine, j'étais, en ce qui concerne les sciences et technologies, et ayant consulté certains Premiers ministres, dont le Premier ministre du Québec, nous en sommes venus à la conclusion qu'un élément important de notre expansion possible au niveau national, dans le domaine de la science et technologie, c'était le mariage quoi de l'industrie et science et technologie qui a résulté dans la création d'un nouveau ministère très important, que même le Ministre, l'honorable Robert De Cotret qui est ici, c'est un instrument vital de collaboration entre le secteur privé, la diffusion de la technologie et la recherche pure. Alors, c'est une autre indication, je pense, d'un degré assez poussé de collaboration entre les deux paliers de gouvernements, et je vous en remercie.

Un dernier mot de la part des Premiers ministres, mais je vous signale, puis je le mentionne pour les médias, nous avons un dernier commentaire de la part du Premier ministre de la Saskatchewan, mais nous avons également deux intervenants à entendre avant de clore l'assemblée. Il s'agit des Leaders du gouvernement dans les Territoires du Nord-Ouest et du Yukon. C'est une coutume chez nous qu'on les entende à ce moment-ci. Alors, je préviens les membres de la Tribune parlementaire, qu'immédiatement après le Premier ministre Devine, nous allons entendre les deux Leaders de gouvernement. Alors, Monsieur le Premier ministre de la Saskatchewan.

Mr. Devine:

Thank you, Mr. Prime Minister. I'll try to be as brief as I can.

Let me say this topic this morning and this afternoon is about economic development. And economic development to me is people using their skills and their talents and their time and their resources to be productive to create wealth and prosperity.

Yesterday I talked about my children having the opportunity to use their skills and talents and time and resources to be as productive as possible.

Today I am going to make the argument, Mr. Prime Minister, that on behalf of the children and the young people of the world, the globe, the global village that we live in, Canadians have a moral and economic responsibility to make sure that the children worldwide can use their skills and their talents and their time and their resources to be just as productive as our children.

In fact, I am going to make the argument, Mr. Prime Minister, that if we help the children of the world to be more prosperous it will indeed help our children to be more prosperous for generations to come.

Now I raise that because in case I wasn't clear yesterday, I believe in lower tariffs and freer trade. One of the biggest opportunities ---

The Chairman: Excuse me, Premier. I know that we've been under these lights for about four and a half hours and it's getting a little long, I know for everybody, but I would ask that the conversations, the intermural conversation be held in abeyance until the Premier of Saskatchewan and the

Leaders of the Governments of the Territories and the Yukon are through and we'll be out of here I suspect quite shortly.

Grant, please go head.

Mr. Devine: Thank you, Mr. Prime Minister.

I just stress the point that as children worldwide become more prosperous and have more opportunities and do better it's good for us and our children worldwide.

I want to make the point there is a very large opportunity for developing countries as we trade more with them. And I want to make that point because there's a different view or we hear different views, when we use tariffs or when we apply sanctions, we do so because we'll want to hurt them, to slow them up. Tariffs hurt and they have to adjust to those sorts of economic facts of life. It is painful to adjust to higher and higher tariffs.

As we reduce tariffs, it's a pleasurable adjustment. In other words, it provides more opportunities for people, particularly for young people. And we found that nationally and internationally that when we reduce the tariffs between us and developing countries they can produce food for themselves, they can use their resources, they can in fact make profit, and they can raise their incomes and provide revenues for roads and schools and hospitals and indeed, Mr. Prime Minister, they have a source of wealth and from that source of wealth, obviously they are more prosperous and they are healthier and in fact they provide markets for us here in Canada.

The best long run food aid program I know, Mr. Prime Minister, is knowledge and economic freedom for developing countries. And Canada can play a very, very important role in making sure that people can, in developing countries, use their natural resources to produce wealth.

I want to take the moment to touch on food aid because from an agricultural province, it's rather ironic that distorted world agricultural production is contributing to substantial stock accumulations of grain and in the United States, for example, they spend \$1 billion every year just on storage of surplus grain. And yet the world hunger continues.

Now both of these situations are unacceptable to me and I believe unacceptable to anybody who cares about their own children or about the children of the world. Canadians have traditionally responded generously to famine plights and there are a number of food aid programs currently shipping food to starving third world countries.

But all of this is not enough, Mr. Prime Minister, to avert widespread starvation in many African countries and other countries as well.

It seems to me that it's time to act if we are serious about the children of the world -- and primarily it's children who suffer as a result of unfair trading practices and subsidies and protectionism that we need to take a leadership role, Mr. Prime Minister, not only locally, not only inter-provincial and not only nationally, but binationally and multi-nationally to make sure that we will set the right policies in place so that in fact we can see people prosper worldwide.

Starvation amid plenty is no longer acceptable to any Canadian. The Government of Saskatchewan, and I'm sure the Government of Canada will continue to participate and co-operate in national and international efforts aimed at addressing these problems.

Mr. Prime Minister, the most important thing that we could do, in my view, is for the Prime Minister of this country and for the First Ministers of this country to take a

leadership role to make sure that international policies do not discriminate against developing nations and, in fact, for those that need the help were providing the kind of direction that we all know that we can.

I want to say that as we trade more with other countries, Mr. Prime Minister, the more inter-dependence there is, it reduces the chance of conflict and we have found that not only in a commercial sense but in a security sense and truly we do live in a global village, and as we are interconnected and as we recognize those inter-dependencies, we can use it as a strength.

It's not only peaceful, but it allows us to be more prosperous. It allows us to be more free, it allows us to have the exchange of information and knowledge and it improves the well being of each and every citizen worldwide.

In view, in terms of economic development, Mr. Prime Minister, Canada, thanks to your help and your role, has an increasing role to take, not only at GATT but worldwide in all organizations to make sure that we in fact are going to be moving in the right direction.

Freer trade, Mr. Prime Minister, means there will be less subsidy and less protectionism.

Freer trade means that the European economic community and the United States will not be wrecking world food prices. And freer trade means that countries that are hurting now and developing will have an opportunity to make some money and to have a profitable food and agriculture and resource sector.

And that, Mr. Prime Minister, is going to be extremely important, not only for ourselves, but for the poor of the world.

I just make the point that the recent world bank report showed that developing countries that have access to export markets and allow imports grew most rapidly. And if we're serious about helping the poor of the world and helping those that are hungry then the more economic activity that you and I can have with these countries worldwide, the better it will be.

Developing countries need export earnings to pay off their foreign debt. They need export earnings to make sure that they can make a living and the stronger they are, the wealthier they are, the better it will be for the children in Canada because we will be obviously offered an opportunity.

I want to say in terms of economic development, Mr. Prime Minister, that our problems in Saskatchewan had been almost entirely linked to trade, trade problems. If you look at wheat, oil, potash, uranium, lumber, it has been international policies and policies of unfairness and of subsidy and of protectionism that has caused us to hurt in Saskatchewan.

Our farm incomes dropped from 1.2 billion to losing 200 million dollars on an annual basis because of unfair trading practices. Unfair trading practices, billions and billions of subsidies, dollars and subsidies go into unfair production incentives, direct prices worldwide. We can continue to ask for support but the key is in the international markets and that's where your key responsibility will be, for not only developed countries and developing countries alike.

In the short run, Mr. Prime Minister, you have delivered in spades. You have provided a billion dollars we need to take on Europeans and American subsidies, and you've announced today that you're going to be announcing the second support in terms of deficiency payments and we respect that.

The long run solution, however, is for you and other people like you to go internationally and get people to change their policies. It would be better for the whole country.

In every single commodity that we produce and export in Saskatchewan we face those kinds of international trading imperfections. Open markets provide for diversification and processing and manufacturing and the more that we can trade with other countries on a fair basis, the higher the prices are and the higher the standard of living, and the world can improve itself.

So I say Mr. Prime Minister, unless I wasn't clear yesterday, that lower tariffs world-wide are good for developing countries and developed countries, and the human race generally, for economic reasons, for security reasons, for long-run community development, and in this global village if we're to survive for generations to come. Every time that we apply tariffs, or we try to hurt them, obviously it's going to slow them up. So the reverse must be true. And I want to encourage you, Mr. Prime Minister, to carry on with respect to the kinds of leadership that you have provided in reducing tariffs world-wide for not only Saskatchewan, but for the rest of the country and indeed for the rest of the world.

I want to point out that in our major areas of economic activity that it takes a great deal of support, time and effort to make sure that we can cope with some of these international problems. It takes refinancing, and you have helped us there and we are going to continue to work with you in making sure that people in the

agricultural sector and the potash sectors, and the other resource sectors, can cope with some of the many international problems that they've been faced with.

And we will have to look at refinancing in agriculture, and we are. We appreciate the large stabilization payment that was made this year, we appreciate the announcement with respect to a deficiency payment, but most of all Mr. Prime Minister, we're going to appreciate some correction in the world markets so that we can make a living fairly and squarely on the market without coming to the Federal Government or anybody else for that matter, to make a living. Nobody in Saskatchewan likes to farm for the Government. But there's not one single farmer in the Province of Saskatchewan that can take on the U.S. Treasury, or the European Treasury, that's the problem. And not a single oil producer in our province can take on OPEC by themselves if they decide to stick it to us. And the same applies to potash and the same applies to uranium and many other commodities across the country.

So the key for us is to make sure that we take care to protect our people through these rough waters of international unfairness and then move, as you have been doing, nationally and internationally to reduce those unfair practices.

I want to say that your movement and your guidance with respect to the next round of GATT, the general agreement on tariff and trade, will be very important. I know that you've worked hard to get agriculture on the table and I endorse that a hundred per cent. I will recommend to you that you move as quickly as you can in that umbrella of

agriculture to have people look at grain because it is the number one irritant in the world trade. Agriculture is the number one trade problem and in agriculture grain is the number one of economic sin, if you will, because more and more countries are into it. But you have Prime Minister Bob Hawk, you have yourself, you have the President of the United States, and increasingly others, who are saying let's phase out of these unfair subsidies so we can all make a living. And don't back off that. Stay right with it and if you can fast track it in the umbrella of agriculture, we'd encourage you to do that. And immediately, I forecast, and I would predict that you'll see the price of grain gradually start to come up just because we're moving in the right direction.

With respect to the kinds of diversification and processing in manufacturing we want to look forward to in Saskatchewan, it's linked to those world markets and I can't think of anything that would help us more than to have access to the customers of the world and the consumers of the world, both in the United States and multi-laterally as well as bi-laterally.

Let me say with respect to our young people, they want, if I could put it this way Mr. Prime Minister, free trade and knowledge. They want to learn and they want to have access to technology -- they want to have access to technology and they want to have access to the very best educational system and technological systems that they can lay their hands on.

They are not intimidated by technology, they're not intimidated by computers or second or third languages; they're prepared to travel worldwide and many of them do. They are aggressive. And when you talk about an information-based global village, an information-based economy young people in this country and certainly in Saskatchewan understand that in spades. They know exactly what you are talking about. They just want to have access to it.

And I agree with the Premier of Ontario and others who have said that we have to provide them with those opportunities. But we have to be consistent, Mr. Prime Minister, and I just throw this out, because when we looked at, for example, the recent drug patent legislation, that is information-based; that is the new era. Research, education and jobs tied to that information, that whole industry is probably 85 per cent knowledge and 15 per cent labour. It's like high-tech, it's like microchips.

Now, if it is information-based, and if it is high-tech and if it is futuristic, then I don't think we should be running around telling people that this is a step backwards. This is a step forward, and it's extremely important that we take advantage of that.

In my province, we spend \$1.2 billion on health and we don't manufacture much of that. Every year \$1.2 billion. That health care field is high-tech; it's information-based; it is linked worldwide, and if we're not going to be going for it, we're obviously going to be losing and other people are going to be providing the jobs and the drugs and the chemicals and the other things from some place else, because we've decided to tell people it's in the wrong direction.

Well, obviously I don't believe that.

I agree with the Premier of Ontario that if it's an information-based, high-tech world that we're moving into, let's tell people that and let's be consistent. And the same would apply with respect to any labour that we're involved with, whether it's in the textile business or any others. I mean, if we're looking at new technology and information-based age, and it's the new generation, then I would say, in all respect, let's make sure that they know the truth.

Centres of Excellence I endorse 100 per cent. I believe that we can cooperate.

We have in Saskatchewan, as you know, a Western Centre for Vet Medicine and we are going to be expanding with the Minister of Diversification on other areas of research that are tied to the critical mass of expertise and scientific knowledge that we have at the University of Saskatchewan. I believe that just makes good sense for all of us in this country to cooperate and have various Centres of Excellence and institutes that we can all contribute to, because we can't afford everybody to have a Centre of Excellence in everything. We have to make some choices and that's particularly important.

I believe that there has to be some adjustment and some choices made, but that's, again, what leadership is all about and I would encourage you to continue to force us to make those decisions and those choices. But tell the people the facts.

The facts are that lower tariffs mean jobs and we better stick with it. Higher tariffs don't, then tell them.

And if high-tech industries are going to provide new jobs and information-based industries do, then let's tell them that that's the case and not argue the other side of it.

With respect to youth in my province, and I agree with your Federal Ministers the big challenge is often to go from school and the technical schools and the university into the market, because that market is global and international, and we have to make sure that we can help them bridge that gap.

I would join with your Minister of Youth, Mr. Prime Minister, and others and say that we should direct our Labour Market Ministers and our Youth Ministers to pursue the problem and the challenges of transition for young people from school and the educational institutions into that market place which is global. It's a world market place and we have to have people who can make that transition, and I believe that if we help them and if Ministers picked up the ball, that we can show the rest of the world that we can jump right into that world market and be as significant in terms of contribution as any nation ever has been. And certainly our children to date have been shown that they are well-enough educated and if we don't get in the way and stand on what we're trying to lift, they're going to be out there in the world making a significant contribution.

But we got to tell them the truth, Mr. Prime Minister. We got to stick with it. That it is in the information-based economy and it is in high-tech where they're going to be making a living. Somebody said they're not going to be earning a living, they're going to be learning a living.

Well, as we progress in this information-based world and the global village, which is inter-dependant, it will be languages and it will be learning and it will be a lifetime of learning that will allow us to proceed.

I want to make a comment, Mr. Prime Minister, to wrap this up with respect to not only education but on health.

Economic diversification is absolutely essential for us to be able to afford the kind of health care system and educational systems that we need. I mean, we can talk about redistributing the wealth all we like, but I think every government in this country now has deficit on the current account at least, because obviously we're spending more than we're making, and if we want to have the best academic institutions, and the best scientific institutions, and the best health care, we are going to have to make money and we're going to have to make a lot of it. And I would encourage people to look at how you create wealth and how you create prosperity and economic opportunities, and it goes back to trading, and it goes back to lower tariffs, and it goes back to the recognition that we are in a global village.

In my province, we used to spend a quarter of our budget on health. Now it's about a third. It won't be long till half of everything we collect is going to go on health. It seems to me, Mr. Prime Minister, that we must address this together.

I note today and we talked about it yesterday that we've released a number of important papers and you have them here before us setting out the results of federal-provincial discussions on such important issues as procurement, inter-provincial trade barriers, regional development, training for women and several others.

There is an additional document which results from provincial discussions to which I would like to draw the attention of this room and obviously yourself, sir.

Mr. Devine: I refer to the report prepared by Provincial Health Ministers on Future Direction for Health Care in Canada.

And I believe, Mr. Prime Minister, that we should look at this. This document sets out the pressures on the health care system, including an aging population in Canada, new technologies that we're facing, urban/rural availability of services, the new needs for people in our country and public expectation.

This document, Mr. Prime Minister, proposes directions for change including a dialogue with the public on new direction, new emphasis on illness prevention, better use of technology across the country, and expanded research.

Now, Mr. Prime Minister, with the greatest respect, I therefore wish to table the document at this Conference and, as discussed yesterday, look forward to an early response by the Federal Government as we plan into the future and into the next century the kinds of services we can expect in health.

Finally, Mr. Prime Minister, with respect to economic development, let me just say that the key is, as you put it, is putting people to work. And I commend you!

While the record isn't perfect, it has been among the best in the world with respect to the creation of economic opportunity.

I look at the stronger economy, I look at the many new jobs, and I look at lower interest rates, and I look at the lower deficit. I look at the stronger dollar, I look at the tremendous support in agriculture, I look at a new energy policy, new trade policy, leadership world-wide, investment policy, research and development, the changes we've made with

respect to the Constitution, Meech Lake. I look at reform with respect to welfare taxation and researach. Diversification east and west, Mr. Prime Minister. Defence policy. And I can say, Mr. Prime Minister, you have been fairly productive in the last three years and I say that sincerely, and if anybody else wants to rank that with other things that might have gone on in the previous three years, I think it would be quite fair to sit down and look at it with him.

I want to just leave you with the following points. For us, in the west, and I would say unless I've missed something, across this country what will be important will be long run international policies that allow us the opportunity to show the rest of the world that we can compete; for our young people, for our farmers, for those that mine, in education, in health care.

Now, we've got a lot of work to do, but I believe that you've set the course for significant impact on the global village by Canadians. And I would encourage you to stay the course.

The Chairman: Thank you, Premier Devine, very much.

In the Premier's concluding remarks, he was really back to the importance of the international -- we've been speaking nationally -- in the international dimension of the solution of the problems, and he's been pointing out a problem that we've encountered in agricultural subsidies. For those of you who haven't had to deal with it, I can tell you it is every bit as complex and as damaging as Premier Devine has just underlined.

And I suppose it gives -- brings it home when you see the impact of what takes place at a meeting in Tokyo or in Washington and the impact that has in Southern Saskatchewan

the next day, gives you an idea of the degree to which we have become so seriously interdependent.

Protectionism is lethal! It is going to kill you just as surely as summer follows spring. And the only alternative to it for Canada and for countries like Canada is the daring that comes with the openness of liberalized trade to compete in the markets of the world.

And as you concluded your remarks, you introduced, as did Premier Peterson a little earlier, the fact that that competitive world 15 years from now is going to be knowledge-based. It is going to be scientifically oriented. It is going -- the principal component is going to be that research and the skills development.

And yet, to give you an idea of the responsibilities we all have, the First Ministers have been defining as it is, the future; the hard realities of what that marketplace is going to look like in 15 or 20 years. That is the future!

And yet in regard to all the time we have spent on research and development around this table talking about it, we have just come out of a situation in Ottawa where a piece of legislation providing for \$1.4 billion in new research and development in a highly-skilled and needed area in Canadians national life which would create 3,000 new jobs spread across the country -- Ontario, Quebec, British Columbia, Nova Scotia -- 3,000 new jobs was obstructed for over a year.

So, I hope that other people are listening as all Premiers have been defining their vision of the future because there's a commonality of purpose here. And I hope some people are listening because that is the future.

Some people are going to have to be dragged unwillingly into the 21st Century, and that's our responsibility and that's what you've been doing here. That is the reality,

I suspect, of what's coming at us in the next decades, and I think all Premiers, all First Ministers have addressed that very, very well, particularly in regard to the realism.

You can tell the international drug manufacturers not to invest in Dorval or Etobicoke and let me tell you, they're going to find somewhere else to invest. You can say we're going to keep these knowledge-based industries out of here, we're going to put up tariff walls for knowledge and don't worry, the diffusion of information is going to take place anyway, except we are going to be the big loser.

And just to put it in perspective, I mentioned earlier, in terms of our commitment, add it up. The Canadian Government spends \$4 billion a year on research and development. We're talking about one Bill that was going to produce \$1.3 billion in new investment. In percentage terms, what's that? What is it, 30 percent or almost? Of a total year's commitment of this nation to research and development and yet we had difficulty in persuading some people that it was in the national interest.

Well, let me tell you you would have no such difficulty in the United States or Japan or Korea or Singapore or any of those competitors who are out there as we speak trying to get our markets. By getting our markets out there, they are getting our jobs back at home.

So, what this has been, as far as I'm concerned, is a very accurate definition of the kind of real world that's out there and it's not what some people, who already have jobs -- real good jobs, by the way. In fact, their jobs are so good, you can't even lay them off. They have jobs, and they're looking after their jobs and I'm glad to see that the First Ministers of this country and this Conference are looking after the jobs of the children and the youth out there by accurately defining

what that marketplace is and is going to be and the harmony and the sacrifices and the realism that we're going to have to introduce into the national dialogue to make sure that Canada meets that challenge.

And so, I thank you all for an excellent discussion -- excellent discussion on some of the tough components that not only go into building a stronger economy, but go into building a stronger nation. This has been about nation building. This has been about fairness. It's been about growth and it's about opportunity for all of our citizens.

There has been, not only as the Premier of Ontario noted, a strong note of cordiality in our exchanges, but a great degree of frankness.

And I thank you all for that, as well.

And so before we take our official leave it has been the tradition of this Conference to very warmly welcome, before we officially rise, the Leaders of the Government of both the Yukon and the Northwest Territories to share with us their views about the country and about their future. And on your behalf I warmly welcome them to our midst now.

I would like to introduce you colleagues to Tony Penikett, the Leader of the Government of the Yukon Territory, who has been with us before and of course Dennis Patterson, the newly elected Leader of the Government of the Northwest Territories. He did well but he didn't do as well as you, Premier McKenna. But he's doing fine.

May I begin with you Mr. Penikett.

The Hon. Tony Penikett (Government Leader, Yukon): Thank you Prime Minister. I want to say as have others, that I appreciate the hospitality at this event, and I am specially appreciative of Premier Peterson for the weather that was happening when I arrived, it made me feel quite at home.

The results of Federal and Territorial Government efforts in the last while mean that this year and last, the Yukon's economy enjoyed the best rate of growth in the country. Mining, tourism and construction all had great years. Mineral production will amount to about 400 million dollars, tourism will earn a hundred million, and many millions more will be spent on construction.

Yukon 2000, our long-term economic planning process has demonstrated that our community wants far more local control of development and we were assured that a

land claims agreement program devolution, and finally provincial status would eventually give us this power.

The trade deal with the United States might compromise key elements of our strategy such as import substitution, localize and local procurement.

But we are confident of our emerging role in Canada and sure of our destiny until June 1st, 1987, that is. Then out of the blue came a new threat to the future of Northerners in the form of the Meech Lake Accord.

Quebeckers know only too well the bitter taste of constitutional estrangement. The frustration that comes from being excluded. Appropriately, the Meech Lake Accord proposes to bring Quebec home. Remarkable it is then, that the First Ministers have not drawn a lesson from the past. You have instead replaced one regional grievance with another. In the process of accommodating Quebec, you have alienated two potential partners in Confederation.

This is most remarkable because reconciliation of Quebec in no way requires the North to be frozen out. But at Meech Lake the First Ministers said in effect, yes to Quebec and no to the North. Why?

L'entente du lac Meach condame pour toujours les résidents du nord à être des citoyens de deuxième classe au Canada. Pourquoi?

Few people in the Yukon and the Northwest Territories would argue that we have reached the point where we should be immediately granted full provincial status. That is not the question.

What is at issue is whether the two Territories will have a fair chance to achieve provincial status, provincial autonomy one day. As it stands now they do not. Every one of the ten provinces will have the right to veto the creation of new provinces. Worse, this power is being granted without any consultation or explanation for northerners. The people most affected.

As well, if the Accord is ratified without revision, Senators and Supreme Court Justices will be appointed from lists presented to Ottawa, only by the provinces. Northerners will be excluded.

I am here to report that it is the unanimous opinion of the Yukon Legislative Assembly, that this situation cries out for a re-opening of the Accord and a review of the process for creating new provinces.

Prime Minister, much of what we today call Southern Canada, was part of the Northwest Territories in 1867. The current Northern Territories are what was left after new provinces were carved out of the original British North America. In each case these territories and colonies took the initiative to petition the Federal Government for provincehood when they felt they were ready for it. New provinces were created through a process which involved negotiation with the Federal Government and approval by Parliament alone. Other democracies such as the United States and Australia require only agreement between the Federal Government and a territory.

To achieve statehood, my closest neighbour, our closest neighbour, Alaska for example, did not require the consent of Rhode Island. New Canadian provinces were anticipated prior to Confederation. The London Resolutions of 1865 required that in the future Prince Edward Island, British Columbia and any provinces created from the "Northwestern Territories" be admitted to Canada on "equitable terms".

No one at this table could possibly describe the Meech Lake provisions as providing equitable terms.

Between 1870 and 1950 the Federal Government alone negotiated the terms of entry to Confederation for six provinces, the majority at this table. In none of these cases was the assent of any other province required. But the conditions for entry that now apply to the Yukon and the Northwest Territories are extremely onerous. The Constitution Act of 1982 changed the admission formula to

require the approval not only of Parliament, but also of two-thirds of the provinces, or at least 50 per cent of the population.

Let me remind you that the North protested this outrage. Every single MLA from the Northwest Territories Legislature flew to Ottawa. The Yukon's Member of Parliament, Eric Neilsen as he then was, told Parliament "For over half a century the dream of provincial status has been the lodestone of Northern hopes. It has been central to the vision of the North which sees the development of Yukon and the Northwest Territories as the best and brightest hope in Canada's future.

When the Prime Minister accepted the inclusion of two clauses in the April Accord relating to the extension of existing provinces into the territories and notwithstanding any other or practice, the establishment of new provinces, he dealt a crushing blow to the hopes and aspirations of thousands of Canadian citizens resident above 60. He gave away what was not his to give away, the rights and privileges of Canadians of Northern Canada above 60."

By 1983 the Federal Government seemed to have recognized that the entry provisions of the 1982 Act were indeed unfair. Attached to the 1983 Constitutional Accord on Aboriginal Rights is the agenda of outstanding items unresolved in the 1982 Constitutional Debate.

Let me refer you to Agenda Item No.4. It specifically requested the repeal of Sections 40-2-1 E & F: the creation of new provinces and the extension of provincial boundaries.

As well in its discussion paper of draft amendments

the Federal Government noted "The intention would be that the Constitution Act of 1871 would operate rather than Section 38.1 of the Constitution Act of 1982".

We in the Territories believed the problems of the 1982 formula were clearly understood to require change. We were wrong. Incredibly, the parties to the 1987 Constitution Accord did not improve the '82 formula, they made it worse. What changed between 1983 and '87 to reverse what was originally intended. Without consultation or involvement of the elected representatives of the people directly affected.

Why did the First Ministers, in 1987, three of whom who had signed the 1983 Accord, suddenly decide that the establishment of new provinces demanded the impossible, namely the unanimous consent of eleven disinterested governments. What could be the rationale for such a step? As I have shown, I think, no historical justification can be found.

Why was the Yukon invited to a First Ministers' Conference at Ottawa in March of 1987 where the creation of new provinces was on the agenda but not at Meech Lake a few weeks later when the First Ministers decided that there should be no more provinces established on equitable terms. And worse, that the very opposite of self-determination was to be the rule for Northern Canadians.

Why was it decided that we should suffer not only federal colonialism, but provincial imperialism as well.

Was it because the Northwest Territories has oil, and some in the East have sworn they'll shall be no more Albertas? Or worse? Is it somehow related to the major aboriginal presence in public governments north of sixty.

To date, we have had no substantial explanation whatsoever. Some have hinted that the provinces have no intention of using their veto over the North's future to which I respond, if the provinces don't plan to use this power, why do they want it in the Constitution.

Others have suggested that the Territories' hopes can be resurrected later in the second round, but that will be too late and I think First Ministers know it if we've already been knocked out in the first round.

Gentlemen and ladies, we in the North have painful memories of 1982 when our democratic right to determine our future in Confederation was subjected to the General Amending Formula. We remember that in 1983, First Ministers promised to right this wrong later, but this promise was forgotten. We cannot forget that.

A suggestion, sir. Once the cameras are gone, why don't we gather around the Prime Minister and discuss a simple amendment I happen to have here. With the Territorial Leaders at the table, I'm sure that in ten minutes or so, we could agree to restore the Constitutional rights of Northerners without, I submit, doing harm whatsoever to Quebec's legitimate interests. C'est tout, merci.

The Chairman: Thank you, Mr. Penikett. Thank you very much. I think it's appropriate and helpful that

you have the opportunity of saying today, on behalf of your people, these comments that you have made many times in the past. I've read them with care and with sympathy.

On behalf of First Ministers, may I just say, and I don't want to be argumentative in the least, that I think that your argument has just one slight flaw but which is fatal.

You underestimate the resolve of the First Ministers and the people of Canada towards justice and fairness.

I indicated earlier that a Prime Minister would be here, when the Premier of Newfoundland came forward as the Premier of a have province. Of that I'm absolutely certain. It may be another Prime Minister, but I'm certain of that. And I'm also certain of the fact that First Ministers, recognizing in the spirit of nation-building and the generosity that I have seen in Canada and of which we're capable, that there will be a day when the Prime Minister of Canada will be sitting here and there will be two more Premiers representing the Territories. Of that, there is not the slightest doubt in my mind.

You are looking, sir, at a child of an isolated region, the farthest away in Canada right up against the Labrador border. Born in isolation, in the North, representing a constituency that touches right as high north as you can go. There wasn't the slightest motive that moved the First Ministers on a negative side. There wasn't the slightest intention to do violence or harm to anybody.

On the contrary, there was a genuine intention of openness and nation-building that resulted in a very, very important accomplishment for Canada; namely, the

inclusion of the Province of Quebec in the process.

No one was excluded, sir, in the process. No one was excluded.

Rules are established that have been honoured before. Unanimity is not something alien to the Canadian character. Unanimity has been achieved in the past on important matters, and I tell you without the slightest hesitation that it shall be achieved again. And when the Yukon, the people of the Yukon are ready to proceed to provincial status, you can be sure that not only in this Prime Minister, but in all the First Ministers around this table, you have friends and supporters. It is our resolve to move towards that and not in any way inhibit it.

How could a Brian Peckford exercise a veto against the desire of the Yukon, and the people of the Yukon to come forward. It would be a moment of joy for me as it would for the other Prime Ministers to welcome a new Premier. There wouldn't be the slightest reason. It would be a repudiation of everything we stand for and everything that this country has done, and the notion that unanimity cannot be achieved is unacceptable because it's untrue. Unanimity has been achieved in the past and it shall be again in the future. And I note, Mr. Penikett, that you will accept my interpretation of what I saw of the generosity and the leadership of the First Ministers with whom I worked that at all times their view was to build a nation, and in their spirit of nationhood, Yukon and the Northwest Territories formed a very vital part of our future.

And so, I'm not trying to minimize your complaint, sir, or allay today your fears. This is what it's all about. Talking about it. I can only give you the assurance of what is going to happen and just as I believe

so strongly about what will happen in the future, as provinces emerge from different kinds of situations, the Yukon and the Northwest Territories shall unquestionably be seated around this table with provincial status, because this is what, at that time, Canada will have wanted, and the First Ministers of Canada will respond to that even if it's under unanimity as they have in the past.

If unanimity were a new concept, there may be a debate. Unanimity is not new in Canada. It is as old as the hills, and in no way, sir, means that when Yukon becomes a province of Canada, as it shall, the welcome will be unanimous and affectionate, because we are proud of the Territories, proud of what they are doing and proud of you and ready to work with you to make sure that happens.

I think I speak for all the Premiers, all First Ministers, when I assure you that that has been our intention from the beginning. And I welcome you here and I thank you for your comments.

May I turn to you, Dennis?

Hon. Dennis Patterson, (Government Leader, Government of the Northwest Territories): Thank you, Mr. Prime Minister. Honourable Premiers, ladies and gentlemen.

It does give me great pleasure, on behalf of a new government -- even newer than that in New Brunswick -- to address you on the vital subject of economic development in the Northwest Territories and Canada for our economy is bound up with yours.

I will discuss, in particular, our views on the Canada/U.S. Agreement on Free Trade.

You may be glad to hear that I do not intend to dwell on the Meech Lake Accord, as much as perhaps I'd like to. We do, of course, have profound concerns about the Accord and we'll seek other opportunities to be heard, but I do recognize the subject is not on the agenda today.

What are our views on Free Trade?

Mr. Prime Minister, although our Government would like to see the fine print before we recommend it to our Constituents, we do see that distinct benefits could flow to our emerging economy from the proposed Canada/U.S. Free Trade Agreement.

For example, in my home community of Iqaluit on Baffin Island which adjoins your Constituency, Mr. Prime Minister, as you pointed out, people hunt for food, not for sport. Hunters now pay over \$20 for one box of bullets. With the elimination of duties on guns and ammunition, hunters will pay less to put meat on the table.

Small businesses in the Northwest Territories could also improve their competitive position. This would benefit the native skidoo dealer or lodge operator at the community level. The women who are increasingly involved in small businesses and greater sales for trappers and crafts people will probably result from the removal of U.S. clothing tariffs and duties on raw furs and crafts.

We would expect to see increased mining exports from the N.W.T. and reduced operating costs; more jobs with good wages for our youth.

And finally, and most important to us, the removal of the 25 percent duty on ships and offshore drilling rigs could substantially reduce exploration and development costs for oil and gas in the Beaufort Sea and the Arctic Islands.

So, we certainly have nothing against free enterprise in the Northwest Territories and these possible benefits make a free trade deal look attractive. But I must say, we do have several specific concerns that must be satisfied before we're sure that free trade is in the best interests of the Northwest Territories' people.

We were very disappointed that the U.S. rejected the Canadian request for an exemption to the Marine Mammals Act. The Act prevents the export to the U.S. of ivory, whalebone, sealskin products -- like my briefcase here -- polar bear skins to the U.S.

This law, on top of the damage done to the seal hunt during the anti-seal years, has significantly reduced employment and business opportunities for Inuit living in our smaller coastal communities.

For example, unemployment rates in places like Pangnirtung on Baffin Island are now approaching 50 percent.

Very simply, we would ask that you make a strenuous effort on our behalf to change the American position and open up new markets for these products.

We've also heard that it's possible, though perhaps unlikely that the settlement of native claims could result in some industries in which cash settlements are invested, being subject to a countervail action in the U.S. Our Government, the majority of whose members are Aboriginal people, along with the Aboriginal organization of Canada, would like confirmation this will not happen.

We are further concerned that the Agreement might limit our ability to establish Northern preference and employment provisions for industry in Government and we are concerned about the impact of Free Trade on subsidies and regional development assistance.

But our biggest question must still be -- and this is vital to us -- under Free Trade, who will control development in the Northwest Territories?

I must emphasize that we cannot welcome the benefits of Free Trade until our people have more of a share in determining what happens economically in the Northwest Territories. Certain fundamental changes must still take place if we are to be part of the action.

We do not want to let others decide what's best for us. We are a fully responsible, fully elected government in the North and we know we can do a better job of managing our resources than the civil servants in Ottawa -- with the greatest of respect to them.

We already have most of the same responsibilities as a province. Most recently, with the full support of the Honourable Jake Epp, we have agreed to take on the responsibility of running all health services in the Territories. This should start up in April.

But like other Canadians, we deserve a fair share of revenues from our resources. Such revenues could be used to

help us pay at least part of the enormous costs of administering a government in the Arctic, strengthening sovereignty for Canada at the same time.

Our Aboriginal People also have legitimate and unsettled claims to the lands, waters and other resources in the N.W.T. They, too, are entitled to a share in the management of resources and revenues from development.

However, we still do not own or manage most of our resources.

Mr. Prime Minister, the most promising vehicle for giving us a significant stake in resource management and revenues in the near future is the proposed Northern Energy Accord.

We believe that our government now has the experience and the maturity to provide a sound and stable management regime for the energy industry in the Northwest Territories. We ask for your government's support for this important initiative.

There are also many other areas critical to our economic development which we would like to see devolved to our government. These include, among others, management of lands and waters, responsibility for Arctic airports and the Eastern Arctic sealift. And I'm pleased to say that the Federal government on the whole concurs, and we are making good progress on this agenda.

The Meech Lake Accord does appear to make it much more difficult, and some say impossible, for us to obtain provincehood. But we do not think that you, First Ministers, intended to prevent us from acquiring the same rights over lands and resources in our territories as those enjoyed by Canadians in the Provinces. We believe you support the residents of the Territories acquiring province-like powers

over the management of our resources, and a direct share in the benefits of their development.

We want to start paying our own way. And we do have the natural and human resources to do it.

We have much of North America's water -- 9 percent of the world supply of fresh water, in fact. We have estimated oil reserves that are as big or bigger than Hibernia. We have 11½ trillion cubic feet of gas in the Arctic Islands, or 13 percent of Canadian reserves.

And we have tremendous human resources as well. We are relatively small in numbers -- but we are working hard to correct that. As a matter of fact, as of last Saturday, there's a new baby in my own family.

I recently met with the Education Society of Eskimo Point, which is a small Keewatin Community, and I was amazed to note that each of the members with one exception, was the parent of five or more children.

The Chairman: Does he know Grant Devine?

Mr. Patterson: Well, Mr. Prime Minister, Eskimo Point is one of the many communities in the N.W.T. whose population is expected to double in the next 20 years. We're not encouraging any of them to go to Saskatchewan. One third of our people are under 14 years of age. They're bright, they're eager, they are getting comparatively well educated, and they will want jobs.

We still need your government's help, Mr. Prime Minister, in other ways to develop our resources in ways which will benefit our people and of course the people of Canada.

And I must mention basic transportation infrastructure -- airstrips, roads, bridges, harbours and docks.

The people of the N.W.T. are unlikely to derive as much benefit from free trade with the U.S. if this infrastructure is lacking. Canada has subsidized great railways and highways from east to west. There are marine highways on our coasts, equipped with fine ports. Invest in us too, and Canada will benefit.

We need your help in other ways which do not cost money. The matter of barriers to trade within Canada has been raised by other First Ministers.

I'd just like to mention one example. A small Dene Band in Hay River was all set to develop a sizeable poultry and egg business in the N.W.T., in the South MacKenzie District. The project would have provided virtual full employment for this small native community.

But it ran into a roadblock, called CEMA, the Canadian Egg Marketing Agency. CEMA does not have an egg quota for the Northwest Territories, and therefore the Dene cannot legally sell eggs to Alberta. The project would not have been feasible without some sales to Alberta. After four years, the Dene and our government are still patiently waiting for a resolution to that problem.

And I'd like to mention our fisheries. It has enormous potential. Our waters are teaming with white fish, char, cod, scallops, halibut, shrimp, but we are not yet represented at the Council of Fisheries Ministers when, for example, the Ministers talk about allocating northern shrimp licences.

And I spoke to Mr. Siddon earlier today about us getting involved. I hope and believe all we need to do is ask. We will also be approaching Mr. Siddon to seek ways to develop our fishery potential and to improve the way northern fish is marketed.

To conclude, Mr. Prime Minister, we in the Northwest Territories believe that Free Trade will do us little good unless our government can participate in resource management and in the benefits of development. We see many possible economic benefits from the Canada-U.S. Agreement on Free Trade. But Northwest Territories residents are not content to be bystanders. We want to actively participate in the making of our economic future and Canada's.

Thank you very much - Qujannamik - Merci.

The Chairman: Thank you, Dennis, very much.

I just want to advise the media we will be winding up the public sessions right after this brief word, and we have a luncheon meeting after which I suppose some of you will be available.

May I just say again as we conclude in thanking you, Premier Peterson, for just a tremendous organization, and you and your people for the warmth of your welcome and the efficiency of the whole Conference, it's been just excellent. And I look forward to working with your government as we bring the G7 here for its Conference next June. It will be, I think, excellent for Toronto and Ontario and Canada, and very very good for the other leaders to see what's going on here.

I suppose anybody watching the last couple of days on television, from afar, would get a unique and special view of Canada and what it's really about. And if any one were objective he or she would agree that it is a challenging and a diverse, and a vast, and a marvellous country with truly spectacular potential, to the extent that we unite and develop it together.

So while there are regional differences and important linguistic concerns and challenges. And let me tell you something, for ever and a day as long as there is a country and there is a Prime Minister of Canada, he or she will be called upon to deal with those realities and they have to be viewed as enriching contributions to our national life. And this explains some of the very important initiatives taken by First Ministers over the last little while.

Le Canada, sans le Québec, et sa participation active dans la vie nationale du Canada, est pour moi impensable. C'est pourquoi les réalisations des dernières années sont si vitales. La dimension francophone du pays représente une partie importante de notre âme nationale. Ces jour-ci, nous parlons dans certains milieux - the sole of the country -

Je vais vous en parler de l'âme du pays également, et ça constitue une partie vitale de notre pays, comme la dimension multi-culturelle constitue un élément si enrichissant pour le Canada.

So I believe very strongly in what we've tried to do together at these First Ministers Conferences. I believe in co-operation, you have to apply patience and reasonableness to try and make it possible, but I believe in it because co-operation produces progress, and progress produces prosperity. And we know what the absence of it means.

So I want to thank you all. Over the last three years that I have been privileged to be Prime Minister of this magnificent country, we've had the privilege of working with you and evolving a new instrument, an important new instrument of reconciliation and growth. And to see it function, to see the way First Ministers define the future as they and their people and their region see it, I think is good for Canada and it strengthens our own citizenship. And even though it does take time, and federal-provincial relations can be extremely demanding, the easy way to deal with it, the easy way to deal with federal-provincial relations is with a snarly comment, an unkind remark, an abusive action, that's the easy way. The tough way requires the patience to build bridges and to understand that our goal is to the nation for a larger and a more stronger and a prosperous Canada. And for that we have to set aside some of the easy things and opt for the hard which result, I think, in a better country.

And in the end, it's my responsibility as Prime Minister of Canada to lead, to make decisions, to build and to challenge, and that's exactly what I propose to do in the respect of the kinds of institutions we've built together.

So I thank you for your advice and your
counsel and I wish you all well, and I look forward to seeing
you again soon. Thank you very much.

Adjournment 14:20 / Ajournement 14h20

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ANNUAL CONFERENCE OF FIRST MINISTERS

Toronto, Ontario

November 26-27, 1987

AGENDA

1. Opening Statements
2. Ministerial Reports
3. Economic Development

DOCUMENT: 800-24/001

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

Toronto (Ontario)

les 26 et 27 novembre 1987

ORDRE DU JOUR

1. Discours inauguraux
2. Rapports ministériels
3. Développement économique

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TORONTO

List of First Ministers and MinistersListe des Premiers ministres et MinistresCANADA

The Right Honourable/Le très honorable
Martin Brian Mulroney
Prime Minister/Premier ministre

CHAIRPERSON/PRÉSIDENT

The Honourable/L'honorable
John Carnell Crosbie
Minister of Transport/Ministre des Transports

The Honourable/L'honorable
Arthur Jacob Epp
Minister of National Health and Welfare/
Ministre de la Santé nationale et du Bien-être social

The Honourable/L'honorable
John Wise
Minister of Agriculture/Ministre de l'Agriculture

The Honourable/L'honorable
David Edward Crombie
Secretary of State of Canada/Secrétaire d'État du Canada
and/et
Minister Responsible for Multiculturalism/
Ministre responsable du multiculturalisme

L'honorable/The Honourable
Robert R. de Cotret
Ministre de l'Expansion industrielle régionale/
Minister of Regional Industrial Expansion

The Honourable/L'honorable
Michael Holcombe Wilson
Minister of Finance/Ministre des Finances

The Honourable/L'honorable
Thomas Edward Siddon
Minister of Fisheries and Oceans/Ministre des Pêches et Océans

The Honourable/L'honorable
William Hunter McKnight
Minister of Indian Affairs and Northern Development/
Ministre des Affaires indiennes et du Nord canadien
and/et
Western Diversification/Diversification de l'Ouest

The Honourable/L'honorable
Patricia Carney
Minister of International Trade/Ministre du Commerce extérieur

L'honorable/The Honourable
Marcel Masse
Ministre de l'Énergie, des Mines et des Ressources/
Minister of Energy, Mines and Resources

The Honourable/L'honorable
Barbara Jean McDougall
Minister of State (Privatization and Regulatory Affairs)/
Ministre d'État (Privatisation et Affaires réglementaires)
and/et
Minister Responsible for the Status of Women/
Ministre responsable de la Condition féminine

The Honourable/L'honorable
Lowell Murray
Minister of State (Federal-Provincial Relations)/
Ministre d'État (Relations fédérales-provinciales)

L'honorable/The Honourable
Jean J. Charest
Ministre d'État (Jeunesse)/Minister of State (Youth)

L'honorable/The Honourable
Bernard Valcourt
Ministre d'État (Petites entreprises et Tourisme)/
Minister of State (Small Businesses and Tourism)
et/and
Ministre d'État (Affaires indiennes et du Nord canadien)/
Minister of State (Indian Affairs and Northern Development)

L'honorable/The Honourable
Pierre Blais
Ministre d'État (Agriculture)/Minister of State (Agriculture)

ONTARIO

The Honourable/L'honorable
David Peterson
Premier/Premier ministre

The Honourable/L'honorable
Robert Nixon
Deputy Premier/Vice-premier ministre
Treasurer/Trésorier
Minister of Economics/Ministre de l'Économie
and/et
Minister of Financial Institutions/
Ministre des Institutions financières

The Honourable/L'honorable
John Sweeney
Minister of Community and Social Services/
Ministre des Services sociaux et communautaires

The Honourable/L'honorable
Monte Kwinter
Minister of Industry, Trade and Technology/
Ministre de l'Industrie, du Commerce et de la Technologie

The Honourable/L'honorable
Elinor Caplan
Minister of Health/Ministre de la Santé

The Honourable/L'honorable
Jack Riddell
Minister of Agriculture and Food/
Ministre de l'Agriculture et de l'Alimentation

The Honourable/L'honorable
Gregory Sorbara
Minister of Labour/Ministre du Travail
and/et
Minister Responsible for Women's Issues/
Ministre délégué à la Condition féminine

The Honourable/L'honorable
Ian Scott
Attorney General/Procureur général
and/et
Minister Responsible for Native Affairs/
Ministre délégué aux Affaires autochtones

The Honourable/L'honorable
Alvin Curling
Minister of Skills Development/Ministre de la Formation professionnelle

Joe Cordiano, MPP
Parliamentary Assistant to the Minister of Intergovernmental Affairs/
Adjoint parlementaire au Ministre des Affaires intergouvernementales

QUÉBEC

Monsieur/Mr.
Robert Bourassa
Premier ministre/Premier

Monsieur/Mr.
Gil Rémillard
Ministre délégué aux Affaires intergouvernementales canadiennes/
Minister assigned to Canadian Intergovernmental Affairs

Monsieur/Mr.
Gérard D. Lévesque
Ministre du Commerce extérieur et du Développement technologique/
Minister of External Trade and Technological Development

Madame/Mrs.
Monique Gagnon-Tremblay
Ministre déléguée à la Condition féminine/
Minister Responsible for the Status of Women

NOVA SCOTIA / NOUVELLE-ÉCOSSE

The Honourable/L'honorable
John M. Buchanan
Premier/Premier ministre

The Honourable/L'honorable
Roland J. Thornhill
Minister of Development/Ministre du Développement

The Honourable/L'honorable
Ronald Russell
Minister of Health/Ministre de la Santé

The Honourable/L'honorable
Terence R. B. Donahoe
Attorney General/Procureur général

The Honourable/L'honorable
John Leefe
Minister of Fisheries/Ministre des Pêches

NEW BRUNSWICK / NOUVEAU-BRUNSWICK

The Honourable/L'honorable
Frank McKenna
Premier/Premier ministre

L'honorable/The Honourable
Aldéa Landry
Présidente du Conseil exécutif/President of the Executive Council
et/and
Ministre responsable des Affaires intergouvernementales/
Minister Responsible for Intergovernmental Affairs

The Honourable/L'honorable
Douglas Young
Minister of Fisheries/Ministre des Pêches

MANITOBA

The Honourable/L'honorable
Howard Pawley
Premier/Premier ministre

The Honourable/L'honorable
Muriel Smith
Deputy Premier/Vice-premier ministre
Minister of Labour and Housing/Ministre du Travail et du Logement
and/et
Minister Responsible for the Status of Women/
Ministre responsable de la Condition féminine

The Honourable/L'honorable
Wilson Parasiuk
Minister of Health/Ministre de la Santé

The Honourable/L'honorable
Vic Schroeder
Attorney General/Procureur général
and/et
Minister of Industry, Trade and Technology/
Ministre de l'Industrie, du Commerce et de la Technologie

The Honourable/L'honorable
Maureen Hemphill
Minister of Community Services/Ministre des Services communautaires

The Honourable/L'honorable
Roland Penner
Minister of Education/Ministre de l'Éducation

BRITISH COLUMBIA / COLOMBIE-BRITANNIQUE

The Honourable/L'honorable
William N. Vander Zalm
Premier/Premier ministre

The Honourable/L'honorable
Grace McCarthy
Minister of Economic Development/Ministre du Développement économique

The Honourable/L'honorable
Stan Hagen
Minister of Advanced Education and Job Training/
Ministre de l'Enseignement supérieur et de la Formation

PRINCE EDWARD ISLAND / ILE-DU-PRINCE-ÉDOUARD

The Honourable/L'honorable
Joseph Ghiz
Premier/Premier ministre

The Honourable/L'honorable
Gilbert R. Clements
Minister of Finance/Ministre des Finances
and/et
Minister of Community and Cultural Affairs/
Ministre des Affaires communautaires et culturelles

The Honourable/L'honorable
Gordon MacInnis
Minister of Tourism and Parks/Ministre du Tourisme et des Parcs

SASKATCHEWAN

The Honourable/L'honorable
Grant Devine
Premier/Premier ministre

The Honourable/L'honorable
Bob Andrew
Minister of Justice/Ministre de la Justice
and/et
Minister of Economic Development and Trade/
Ministre du Développement économique et du Commerce

The Honourable/L'honorable
George McLeod
Minister of Health/Ministre de la Santé

ALBERTA

The Honourable/L'honorable
Don R. Getty
Premier/Premier ministre

The Honourable/L'honorable
James D. Horsman
Attorney General/Procureur général
and/et
Minister of Federal and Intergovernmental Affairs/
Ministre des Affaires intergouvernementales et fédérales

The Honourable/L'honorable
Larry Shaben
Minister of Economic Development and Trade/
Ministre du Développement économique et du Commerce

The Honourable/L'honorable
Elaine McCoy
Minister of Consumer and Corporate Affairs/
Ministre de la Consommation et des Corporations

NEWFOUNDLAND / TERRE-NEUVE

The Honourable/L'honorable
A. Brian Peckford
Premier/Premier ministre

The Honourable/L'honorable
Tom Rideout
Minister of Fisheries/Ministre des Pêches

